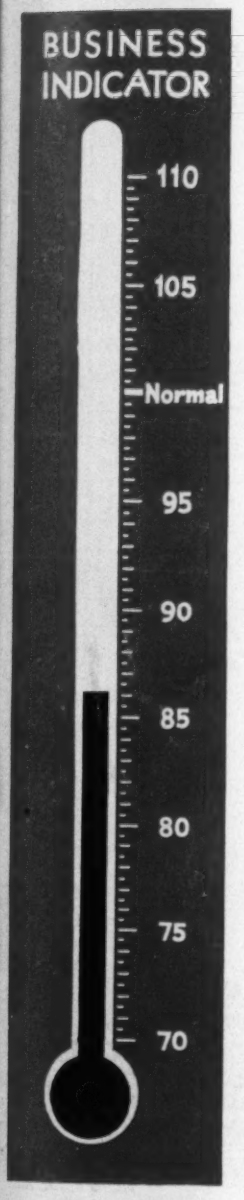
OCT 13 1930

OCT 15, 1930

THE BUSINESS WEEK



The beginning of the fourth quarter shows no quickening in the business tempo other than a moderate expansion of retail trade under the usual stimulus of seasonal influences and low prices . . . . Such expansion is characteristic of poor as well as good years, and gives no special indication that real recovery this year is under way . . . . On that point the stock market has given its verdict decisively, and should soon begin to utter its oracle as to what the gods of the Cycle—before whom American business intelligence now prostrates itself—have decided for next year . . . . As the slight decline in our index, from 86.4% to 86.3% of normal shows, industrial activity lags behind even seasonal expectations; but this disappointment is tempered by the knowledge that the volume of consumption is still fairly well maintained and that shelves are gradually being cleared . . . . A belated seasonal expansion in commercial borrowing and currency circulation, together with a relative improvement in residential building are brighter spots in the general gloom . . . . But the widening circle of political unrest abroad; the continued draft upon the gold reserves of distressed countries by America and France, unwilling or unable to use it; the collapse of the foreign bond market here—all are clouds on the winter horizon, testifying to the failure of financial and business leadership in this country during the past summer.

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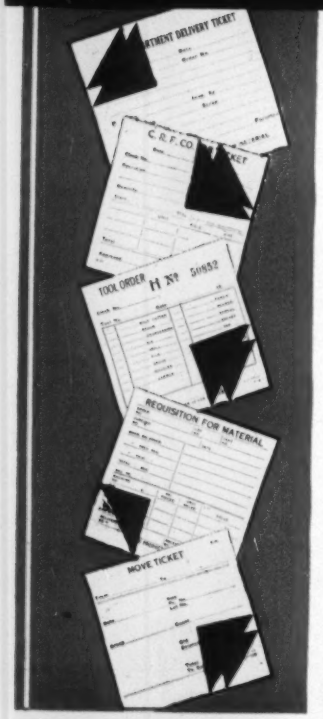

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THE BUSINESS WEEK (with which is combined The Magazine of Business), Oct. 15, 1930. No. 58. Published weekly by McGraw-Hill Publishing Company, Inc., Tenth Avenue at Thirty-sixth Street, New York, N. Y. James H. McGraw, Chairman of the Board; Malcolm Muir, President; James H. McGraw, Jr., Vice-President & Treasurer; C. H. Thompson, Secretary. $5.00 per year. 15c per copy. Entered as second-class matter February 15, 1930, at the Post Office at New York, N. Y., under the act of March 3, 1879. Printed in U. S. A. Copyright 1930 by McGraw-Hill Publishing Company, Inc.

What's In This Issue —And Why

Commodities

COMMODITY prices are still weak but less feverish. New control devices, new credit schemes are suggested to build up their resistance. Washington talks of international bartering of surplus, but doesn't mean what the newspapers thought. (page 5)

Butter and Eggs

DEALERS blame themselves for not hedging on eggs as they did on butter—the Farm Board for the uncertainty that upset both markets. (page 11)

Shopping

FALL revival of trade continues with Woolworth, Great Atlantic & Pacific, W. T. Grant, and public utilities conspicuous for gains. (page 9)

Fighters

SOME firms lost money in 1929 when everything was booming; some firms are making new high records in 1930 when things in general are tough. The difference seems to be aggressiveness. (page 13)

Soviets

AMERICAN industries that have been taking lone pot-shots at Russian competition are going to mass their artillery, try to do more damage. Five have joined forces to propagandize, protest against dumping. Others are invited in. European cables tell of more Soviet exports, more opposition to them there. (page 7)

Imperial Conference

PREMIER Bennett rudely breaks the dignity of the sessions by demanding a tariff of preference, rather than free trade within the Empire. After 300 years of free trade it may be hard to teach the old British lion new tricks. (page 6)

Savings

HARD times make people careful; they curtail buying, increase savings. But savings banks are hard put to it to invest their growing funds. (page 16)

Chains

DETERMINED to enter the race for new business without the old handicaps, the chain store systems have agreed on a national campaign to win local good-will, beat the sales tax. (page 10)

Trust Busters

THE old "power trust" issue is being trotted out for the fall elections in many parts of the country. A private versus public ownership scrap with interesting details arouses Georgia. (page 14)

Tobacco

TOBACCO markets are demoralized, prices are ruinous to growers. Co-operatives which languish in good times arouse much enthusiasm in times like this. (page 27)

Oil

THE Federal Trade Commission hopefully, doubtfully, called Oklahoma's prorating laws "airtight," "foolproof"; now welcomes the Champlin decision that lifts the quotation marks. (page 8)

Fires

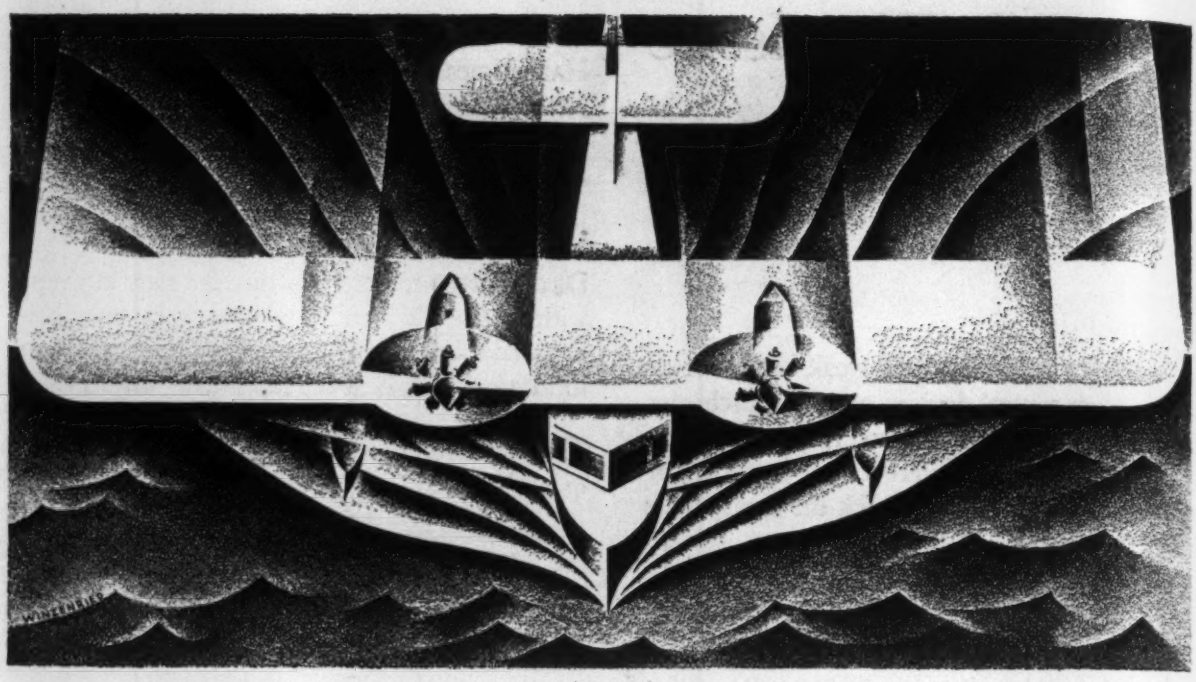
NOT cynicism, but hard-headed observation, prompts the remark that there have been more fires this year than last. There always are when business is poor. (page 20)

Important Dates

THE first dates of the new crop are traditionally the juciest and finest. Hence a 10,000-mile annual race from Basra to New York, won this year in 26 days. (page 33)

Verity

SUCCESSFUL originator and maker of steel specialties, George M. Verity's American Rolling Mill Co. has been singularly ignored in all the rumors of steel mergers. But Armco, individual and unique though it is, cannot wholly escape such talk. (page 24)



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THE ONE METAL THAT FLIES BEST

ALCOA ALUMINUM

THE BUSINESS WEEK

The Journal of Business News and Interpretation

News of the week ending October 11, 1930

Commodity Price Trend Mixed With Few Outstanding Changes

Coffee and Cocoa Exceptions, Rising Sharply On News From Brazil—Wheat and Cotton Weak

COMMODITY prices had no further epileptic fits this week despite the continued bear drive in the stock market; but, with few exceptions, they remained weak, and offered little resistance to further gradual decline. The outstanding exception was cocoa, which rose sharply, but it took a Brazilian revolution to do it. Rubber also was somewhat stronger on reports that native tapping was being curtailed in the Dutch territory. Cattle and hog prices were stronger on evidence that the feed shortage is either not as serious as thought or, at least, is not stimulating any unusually rapid marketing of livestock. Wool prices were steady, reflecting the successful stabilization of the market by the Farm Board agency. Silk and hides were weaker. Lead, zinc, and tin, as well as steel scrap, declined. The copper price remained steady at 10¢, although the active buying of the previous week has slackened.

Sugar Gets Help

Sugar was strengthened by approval of the new sugar control plan presented to the Cuban Sugar Committee by Thomas L. Chadbourne. Success of this plan depends largely upon agreement of producers in the United States and insular possessions not to increase production. Cooperation of Dutch growers in Java is also necessary, and the increase this year in European sugar production is somewhat unfavorable.

Cotton declined fairly steadily through the week, at one time touching a new low for the year. The October crop report introduced no new factor, showing only a slight increase over last month. There is considerable excitement over the continued depression of cotton prices. The American Cotton Shippers Association and officials of the New Orleans and New York exchanges, as well as the co-ops and government officials, are meeting Monday in New Orleans to do something about it. The Farm Board has begun an organized drive in each of the cotton states to hold acreage down to 40 millions, which it says is the "danger line"; to bring about improvement in quality and staple length; to persuade farmers to use better seed and to plant more food and feed crops in the South.

There is special interest in a suggestion made by Munds & Winslow, New York cotton brokers, that the Farm Board finance individual cotton growers, through their associations, to buy cotton future contracts in return for acreage reduction, in the ratio of one bale to every three acres which the farmer does not plant in cotton next season. The argument is that farmers can make more money by buying cotton futures at 10¢ to 12¢ than by growing cotton at a cost of 15¢. This, it is claimed, would have the additional effect of stimulating the cotton market and raising prices.

Cotton Ignores Good News

The most bullish point in cotton was the monthly report of The Textile Merchants Association showing sales of standard cotton cloths 60% larger than production, shipments 28% above output, unfilled orders 26.1% higher than the month before and stocks 11.4% lower. The cut in production reduced stocks about 50 million yards, the greatest decline in any month on record. That the market paid no special attention to facts like these shows how little part facts play in the commodity price situation now.

The same is true of wheat. Mr. Legge's repeated assurances that the entire wheat surplus will be required to feed livestock and poultry hasn't impressed the market yet, because there is still some uncertainty about the extent of shortage of livestock feed. The secretary of the Federal Drought Relief Committee said this week that recent rains have made such improvement that present prospects indicate a hay crop of about 90% of normal and a feed grain crop of more than 80% of normal based on the 5-year average. Farmers are making increasing use of available straw, fodder corn, and fall pastures to hold livestock.

The expected amendments to the Chicago wheat pit rules, intended to make the market more attractive to millers and other large buyers, were adopted this week. The number of grades of wheat deliverable on future contracts has been reduced, thus assuring buyers that they will receive the exact grades of wheat for which they bargained at delivery. Changes in the rules governing delivery of grain in car lots will prevent elevator interests from unloading grain from private warehouses and delivering it on track. Whether these changes will enable the wheat market to respond more vigorously than it has so far to the underlying facts of the world wheat situation remains to be seen.

Farm Board Irate

This cooperation between government officials and the Chicago wheat market is not being matched by a similar attitude on the part of other grain trade interests. Their campaign against the Federal Farm Board throughout the West has led to a dramatic counter-movement on the part of the board. Charging that it is the victim of an insidious campaign of damaging propaganda and unfair practices the board has asked the Federal Trade Commission to make an investigation of the activities of grain trade interests in the Middle West, which are reported to be spending a million dollars or more to undermine the board.

The fact that the board has had to call upon the Federal Trade Commission for aid in this matter will be regarded as a confession of weakness and undoubtedly does indicate that the Farm Board's program is meeting with increasing difficulties in certain sections.

The most significant development in the effort to meet the present situation in commodity markets and check fur-

ther price declines is the negotiations said to be under way in Washington for international arrangements to promote exchange of large surpluses of raw materials between producing and consuming nations by extension of government credit to purchasers. The idea is, for example, that American cotton might be sold to British spinners on the basis of credit extended by the Farm Board, while British rubber or Japanese silk might be sold to American rubber or silk manufacturers for a considerable period ahead on credit extended by any of the governments of the countries involved.

This movement was misinterpreted in the newspapers as a proposal for international exchange of these commodities on the basis of barter and was tied up with the report that agricultural implement manufacturers were taking grain in exchange for their machines.

The only concrete development in this whole business so far is that the British Cooperative Society has bought a small amount of wheat from the Farmers National Grain Cooperative. This is regarded as a trial order and may lead to the British Cooperative's opening a permanent account with the Farm Board's agency.

"Preference, Not Free Trade," Bennett Tells the Empire

WHEN the tail wags the lion, he's likely to roar. It seldom happens. When it does, history is made.

It happened at Britain's Imperial Conference this week when Richard B. Bennett, Canada's new premier, broke away from the carefully regulated discussions which have characterized the first week's sessions, and made a 15-minute speech. In it he declared that Canada could not possibly accept any of the schemes suggested in London as a solution to empire trade difficulties. In their place, Premier Bennett proposed that all members of the empire surround themselves with a tariff wall within which preferential treatment—not free trade—should be provided to promote empire business. The imperial lion's roars, especially when they begin to come from Chancellor Snowden, will be loud and angry.

300 Years of Free Trade

Somewhat shocked at this radical assumption from the dominions that Great Britain abandon 300 years of free trade to build a tariff wall like the rest of the world, British delegates listened for details. Premier Bennett was ready. Canada, like almost every part of the empire, already has a tariff with a preference on British goods. This benefits Britain's manufacturers, but free-trade policies in England fail to give any reciprocal preference to empire products except as British policy in the last 5 years has fostered empire preference through the Empire Marketing Board. Even then, Britain has both bought and sold more abroad than within confines of the empire.

Canada proposes that all British nations add 10% to existing tariffs, or to tariffs to be created, on imports from non-British nations. This does not mean an additional 10% on the value of imports, but a 10% increase in the rates of existing tariffs. Where existing dominion tariffs are 10% on imports from Britain and 20% on like imports from Germany, the 20% would be increased to 22%, not to 30%.

A Good Beginning

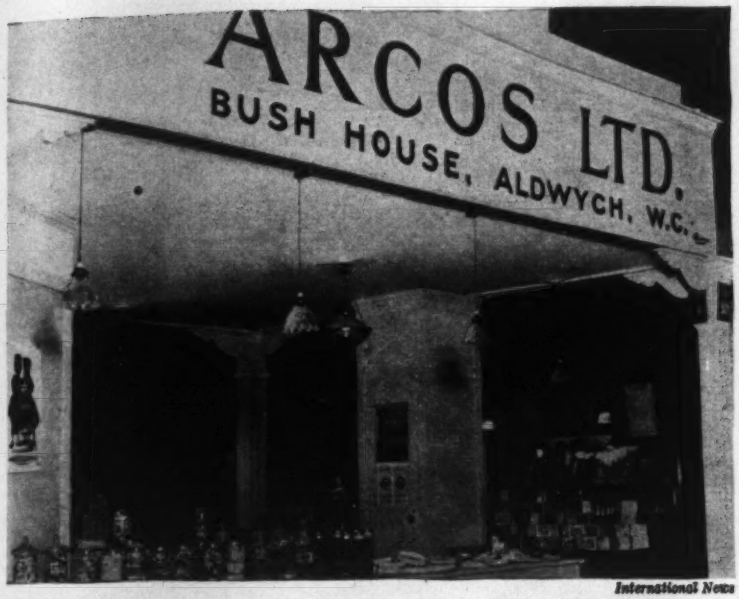
The significance of the week's developments at the conference is that things are not moving the way any of the English parties expected them to move. Canada's proposal, and the almost universal support of the other dominions, has already brought tremendous importance to the sessions. British Conservatives are likely to fall in line most readily. The Liberals will hedge because the Bennett plan seriously interferes with the Lloyd George free-trade doctrines. Labor will be divided with Chancellor Snowden violently upholding free trade and the more liberal wing defending the import board scheme to avoid tariffs for Britain.

The proposal is an excellent start for a conference of so much world importance. Debates promise to be animated. The dominions will continue to exercise their growing influence in empire affairs. But the next move must come from the MacDonald government.

Pacific & Atlantic

THE PRIME MINISTER MAKES A NOTE OF IT

MacDonald listens to Bennett as they leave a session of the British Imperial Conference. The Prime Minister of Canada spoke his mind; argued for preference, not free trade, within the Empire



International News

CONFECTIONERS DEPLORE THAT SOVIET SHADOW

The Soviet booth at the Grocers Exhibit in London displayed Russian candies. British firms protested, threatened withdrawal. American candy makers, too, are indignant. Russian hard candy imports jumped from 801 lbs. in 1926 to 321,118 lbs. last year

U. S., France, Britain Move to Oppose Russian Exports

OPPOSITION to Russian exports is gaining ground. Within 10 days definite moves have been made in the United States, France, and England to oppose the Soviet advance.

American industry made its first cohesive move to organize opposition with the formation of the Joint Conference on Unfair Russian Competition. Represented at the organization meeting were the lumber, match, glue, coal, and manganese industries. "To serve as a clearing house for information concerning Russian competition in the American market and to disseminate this information and endeavor to secure the cooperation of public authorities in the adoption of and the enforcement of policies that will be protective of American industry and labor against the unfair competition of the nationalized industries of Russia"—these are its aims. J. Carson Adkerson, president of the American Manganese Producers Association, is chairman of the conference.

Because it comes from the government, the announcement that France will put Russian imports under a license system caused a great stir in Moscow. Communist editors, piqued at French antagonism to all things Soviet, declared that "French imperialism is trying to organize an economic blockade of the Soviet." Imports which France has put under the license ban include grain, meat, eggs, sugar, timber, glue, and gelatine. In the last 6 months Russia has sold France about $17\frac{1}{2}$ millions, while purchases from the French scarcely exceeded $5 millions.

Paris observers point out that, despite the popular cry for anti-dumping protection, the license scheme will have only a nominal effect because the largest French purchases from Russia are petroleum and flax, products which are non-competitive and which France is naturally glad to buy from the cheapest available market. Even the grain license is largely a political gesture to win for the Tardieu government the support of the powerful farm bloc. It is necessary for France to import wheat this year and it is impossible for Russia to hurdle the existing tariff of 87 cents a bushel in sufficient volume materially to affect internal French prices.

Russian dumping still affects Great Britain less than it does the Continent. In the case of grain, the British millers are used to preparing their flour with only 15% of home grown wheat which is mixed with 15% of the hard Canadian variety and the balance of 70% is drawn from other foreign wheat. Imports of Russian wheat thus far principally cut in on consignments of American red winter wheat, Argentine tawny, and Australian white. British shippers, eager for cargoes for their tied up bottoms are looking sanely at Soviet charter lists, point out that 170 vessels, the number consigned from Black Sea ports this fall, is only a little more than half the number chartered in a normal year before the war.

Confectioners Indignant

Open opposition is coming from another quarter. In the annual Grocers Exhibit, Arcos, Ltd., Soviet trading agency in London, had an excellent display of safety matches and bon-bons. British confectioners were indignant, declared they would withdraw from the exhibit next year if the Russians were allowed to show.

Significance attaches to these moves. In their first harried efforts to counteract Soviet inroads, affected American industries released propaganda in which even the amateur could pick holes. A coordinated effort on the part of a group of affected industries may bring to the front some lucid thinking and pertinent arguments for protection of domestic industry which even the shrewdest observer can accept. Facts are available and more than one American industry is groping to find a firmer foundation on which to base its criticism of Russia. Better-planned attacks may find a larger following.

Wheat at Rotterdam

In the meantime, correspondents for *The Business Week* in European countries send sidelights on recent developments in Soviet foreign trade. In an interview with Exportchleb, the Soviet grain trading company in Rotterdam, principal continental grain port distributing throughout northwestern Europe, *The Business Week* learned that 150,000 tons of Russian wheat have been sold at Rotterdam at current prices. Sales of barley have totaled 130,000 tons. No figures are available for this year's export surplus, but Exportchleb officials point out that exports in 1927 ran as high as 1,500,000 tons, that production has increased vastly this year, and the wheat is equal to best-grade Manitoba. British market reports do not sustain this claim. While some of the ship-

ments to Liverpool are excellent, others are very poor.

The Soviets now hold large credit guarantees from Germany. Berlin reports that $100 millions are outstanding in one form of credit or another. Of this amount, $25 millions were issued in July alone. This followed a Reich decree extending export guarantees to all countries from a total of $44 millions to $90 millions in order to encourage export business. It has been customary recently for the German states, even cities, to extend further guarantees favoring local enterprises to win orders for the Soviets. The usual proportion of Reich credits to Russia is 35% of the risk; individual states, 25%.

German Orders Up

The significance of Soviet orders in Germany is suggested in sales in the first half of each of the following years:

(000 omitted)	1928	1929	1930
Agricultural machinery	$500	$1,500	$1,900
Textile machinery	1,300	1,200	900
Machine tools	4,100	2,600	5,300
Other industrial machinery	8,300	5,800	7,900
Total	$14,200	$11,100	$16,000

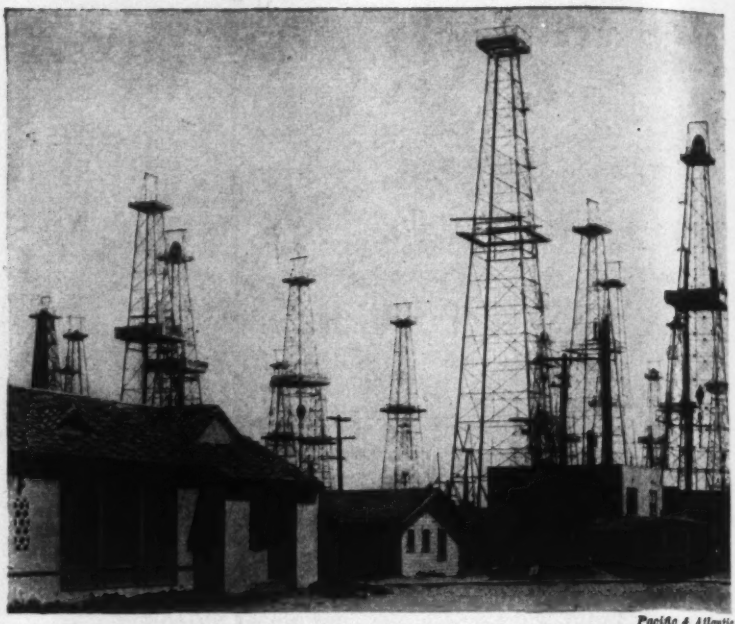
The Soviet trade delegation at Prague reveals that Soviet orders to Czechoslovakia for the last 12 months totaled $8,800,000 compared with $6,600,000 in the preceding year. Principal increases so far this year have been for iron and steel products, machinery, and ceramics. Textiles and non-ferrous products are little changed but other unclassified products show a decided drop over 1929.

Czechs Offer Short Terms

The terms ordinarily granted by Czech industrials are 6 to 18 months credit. The only company known to be granting longer terms is the Witkowitzer works, one of Europe's largest rolling mills. Russian notes, if double endorsed by a responsible exporter and by a private bank, are discountable at the National Bank.

The Soviet trading company in Poland—Sovpoltorg—gives the value of annual purchases in Poland in 1926, $400,000; 1927, $500,000; 1928, $1,300,000; 1929, $1,800,000; and in 1930, $2,000,000. Chief purchases were yarns, zinc, lead, chemicals, fertilizers, and recently, machinery.

Repudiated Russian debts were discussed this week at the opening session of the Russo-British debt commission. No progress has been made beyond formalities and business is not hopeful for any striking results.



Pacific & Atlantic

NO SCHOOL

Oil wells crowded out the school at Venice, California, one of the biggest wells being brought in right in the school yard. The noise of drilling and the fire hazard forced the transfer of the pupils to less exciting districts

Oil Control Strengthened By Oklahoma Test Case

OKLAHOMA oil men who have resisted state efforts to save them from themselves will have to submit to paternal care whether they like it or not, because Oklahoma's laws prorating oil production have been found constitutional. So said three judges last week, sitting *en banc* in the District Court for the Western District of Oklahoma on the petition of the Champlin Refining Co., which sought to escape output restrictions by a temporary injunction against the state Corporation Commission. At this pronouncement, the Federal Oil Conservation Commission breathed sighs of relief. Much hope was pinned on the Oklahoma laws, considered the most airtight and foolproof in the country. Should they fall, the federal commission might as well give up its efforts to stabilize the oil industry.

So far, the prorating system has saved the Oklahoma producers from a serious glut. Most of them realize this and are for the curtailment. According to estimate the state could supply 2 million barrels of crude oil per day now; 3 million or more by the end of the year. Demand for Oklahoma oil is only about 550,000 barrels per day. By holding the output down toward this figure, it has been possible to keep prices stable. Production is allotted at 18¾% to 50% of an estimated potential for each company according to classification schedules.

Curtailment orders were due to expire on Sept. 30, but the time was extended till Oct. 10 with a movement under way to carry on till the end of the year. Wirt Franklin, chairman of the oil operators' committee, has filed a petition to this effect. He wants purchasers and transporters of crude oil to become parties to the proceedings along with the producers. Mr. Franklin will be remembered as having nearly persuaded Congress to accept a petroleum tariff last spring when he advanced on Washington with a big delegation, seemingly naive but nevertheless effective.

Opposition to the prorating seems to be dying out. The C. C. Julian Oil & Royalties Co., which was pushing toward an injunction as was Champlin, has filed a motion to dismiss its case. That leaves the Champlin Co. with one adverse decision and 30 days to file a supplemental petition if it wants to carry on the fight alone.

Trade Continues Fall Upturn, But Gains Call for Hard Work

Woolworth, Atlantic & Pacific, W. T. Grant, Public Utilities Push Sales Ahead

CONTINUING at varying speed, reflecting confidence in some quarters, hesitation elsewhere, the general revival of retail buying, wholesale trade, finds added converts, extends into new fields, though ground is gained only in exchange for strenuous effort.

Reports of September retail sales show that important houses sustained the advance begun in late August, many registering rapid improvement the first half, a slowing down toward the end. Others still below last year simply reduced the gap between 1929 and 1930 performance.

"Turning Point" in August

Valuable as a measuring stick is F. W. Woolworth & Co's performance since reporting the "turning point" as having occurred in the week of Aug. 9 (*The Business Week*, Sept. 17). Woolworth finished August with a dollar volume loss of $2,391,801 against 1929, found September sales $88,198 ahead of last year. Eastern district old stores jumped from a sales loss of 6.32% in August to a 5% increase in September. In the west - of - Pittsburgh, east - of - Rockies region, sales improved from minus 16.5% in August compared to 1929, to minus 7.5% in September.

W. T. Grant & Co. continues its average increase of better than 10%; Melville Shoe sales are up 9.1% for September, 13.3% for the year; Diamond Shoe Corp. recorded a 20.4% increase, averages 12.4% higher for the year.

Food Chains Picking Up

Food chains, due to greatly lowered price levels, still show mostly decreases from 1929 figures, but the margin is steadily narrowing down, some crossing into higher figures. Grand Union Co., with 650 branches in 36 states, admits the need of much more sales work, greater effort; reports its 37 weeks of 1930 just 12% ahead of 1929; expects to better that for the next 3 months.

Significant is the September report of the Great Atlantic & Pacific Tea Co., recording a new high record for the month, showing an increase of $1\frac{3}{4}$ million, 2.36%, in dollar volume, against a gain of 42,318 tons, 12.58% in amount of goods moved. The reduction in prices brings dollar-value-per-ton-index (*The Business Week*, Sept. 24) down to $203.43 compared to $223.74 in 1929, and $201.39 for August, 1930. Total dollar sales for 9 months of 1930 are 6.55%, total tonnage 11.92%, ahead of 1929.

Outstanding are the records of merchandising departments of several public utilities, where through intensive sales efforts boom figures on appliance sales are reported. A certain Eastern utility shows 170% increase in one district and 50% for the entire system. National Electric Power Co., largest unit in the Middle West Utilities System, reports selling 2,661 ranges, a 29.9% gain over 1929; 4,635 refrigerators, a 20.7% gain; a 300% increase in water heater sales.

Although general figures on department store business continue at lower than 1929 levels, exceptional sales records are made by certain leading merchants. Frederick Loeser & Co. (Brooklyn), report September sales 50% ahead of 1929, October sales maintaining approximate rate of gain. Adam Meldrum & Anderson Co. (Buffalo) broke all time record for a single day's business. Arnold Constable & Co. (New York) excepting February and April shows gains each month ranging from 5% to 20%.

Early Buying of Radios

Radio sales at wholesale reflect tendency of earlier consumer buying, forecast greatly increased activity at least to January. Crosley Radio Corp. announces September sales 25% above 1929 with production about 2,000 sets daily, shipments 10 days behind orders. Philadelphia Storage Battery Co. reports orders consistently above last year. Atwater Kent also tops last year's sales in number of sets. Distributors of radio sets report hand-to-mouth buying by dealers but good business compared to 1929, some showing increase as high as 25%.

13,370 POUNDS OF PAINT TRAVEL BY AIR

What is claimed to be the largest aerial express shipment was made when the Pittsburgh Plate Glass Co. rushed over 6 tons of paint—ten plane loads—for a furniture company from the factory in Milwaukee to Grand Rapids

Chain Stores Organize to Build Good-Will, Fight Sales Tax

THE first definite indications of an upturn in consumer-buying have brought a new and striking development in the history of retail competition in this country. With them has come the chain stores' first organized answer to the anti-chain attacks, to the threat of crippling sales tax legislation, to the suspicion that the independents and the cooperatives have begun to weaken their position. It has been the chains' move for some time and they have finally made it at the Chicago convention of their National Chain Store Association.

Their policy for the upturn—directly designed to bring them as big a share of it as they might have more confidently expected in pre-chain-war days—is not directly concerned with merchandising. It has 2 main points—improvement in public relations, armed opposition to discriminatory legislation. Back of it is a plan for a national "educational campaign," a $115,000 fighting fund, the whole chain store organization moving behind a shock-troop brigade made up entirely of chain store generals.

The Danger Points

Two years of cooperative research have brought the chains to 2 conclusions: (1) that, more threatening than any merchandising weakness, is the weakness of their position as outsiders in many of the communities served by their stores; (2) that, more dangerous than anti-chain radio oratory, is the anti-chain law-making that is going on in the committee rooms of some state legislatures.

The Chicago convention digested these 2 points, then launched its campaign. It appropriated for committee use $50,000 for a nationwide defense program against unfair legislation, $40,000 for public relations work, added $25,000 to be employed in meeting anti-chain agitation. It enlisted the services of top executives of nationally known chain systems in a country-wide program of speaking tours during which these men will assiduously cultivate the field of public relations, preach their version of the gospel of chain distribution economies.

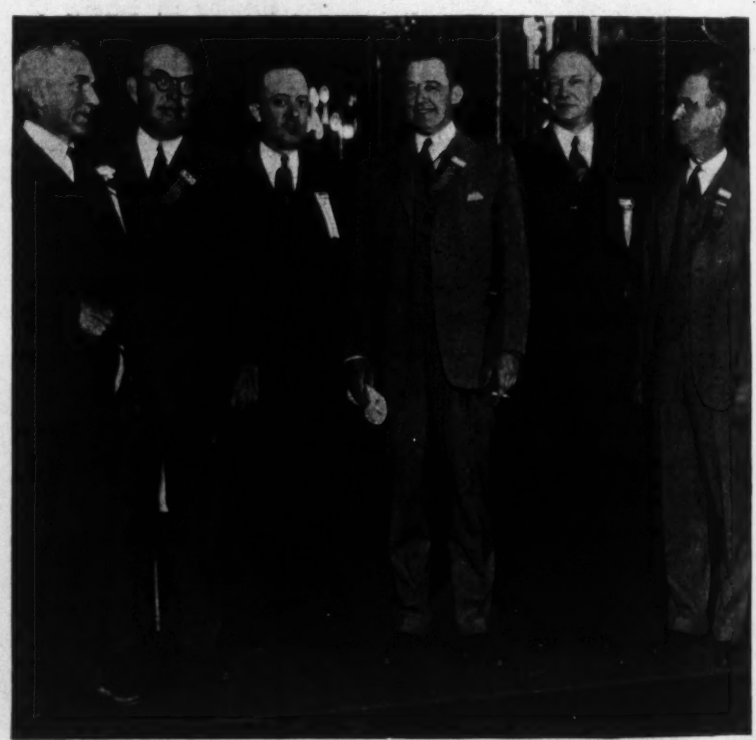
Albert H. Morrill, Cincinnati attorney now heading Kroger Grocery & Baking Co. and president of the National Chain Store Association, will tour Kentucky, Ohio, and Michigan. F. H. Massmann, executive head of National Tea and vice-president of the association, goes to Iowa. J. C. Penney is making an extended tour of the West, will speak and confer before Nov. 23 with local leaders in 23 cities ranging in size from St. Paul and San Francisco down to Lafayette, Ind., and El Centro, Calif., will stress the point that chain systems are taking a steadily growing active interest in local affairs, point out that 1307 Penney managers, out of 1396 maintain 2030 memberships, 933 hold office or are on committees of local organizations. E. C. Sams, president of the Penney company, tours Wisconsin, Iowa, Nebraska, Colorado, Kansas, and Missouri while his assistant, A. H. Hughes, goes to Virginia.

Besides making speeches in each community they plan private sessions with bankers, lawyers, independent merchants, and other local leaders, to discuss specifically what should be done in each particular city, helping so to organize its activities that money and energy spent on worthy local projects will bring the largest benefit.

The policy of the Melville Shoe Corp., put into effect about 2 years ago, is typical of that now being adopted more generally by chain store organizations. This chain instructs its men to get into local affairs, join chambers of commerce, take part in drives and other community activities without waiting to be invited. All managers of its 505 shoe stores in 250 cities are members of local chambers of commerce, with fees paid by the corporation. Special instruction is given on how properly to fulfil community obligations.

Dry Goods Men Worried

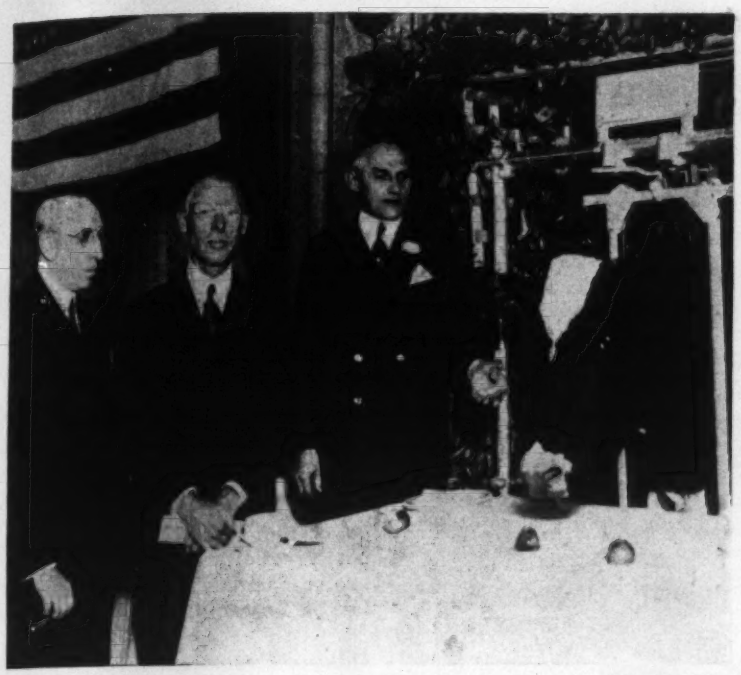
Meanwhile, the National Retail Dry Goods Association has taken notice of the growing interest of state legislatures in sales tax legislation. Realizing that the tendency to tax large-volume enterprise, exempt small merchants, may eventually seriously affect the welfare of its members, this body has aligned itself with the chain store inter-



Pacific & Atlantic

CHAIN STORE MEN CONVENE IN CHICAGO

Among those who attended the convention were (left to right) F. H. Massmann, head of National Tea Co., and vice-president of the association; Clarence McKercher; R. W. Lyons; A. H. Morrill, president of Kroger grocery and of the National Chain Store Association; Alvin C. Dodd, of Sears, Roebuck; and Ward Melville, president of Melville Shoe Corp. (John Ward, Thom McAn shoes)



International News

TO MEET MADAME HEATHER

Col. Fred Pabst, of Milwaukee (right) introduces William R. Dawes, of Chicago (left) and Governor Kohler of Wisconsin to Madame Korndyke Heather, the guest of honor at a banquet given by the Chicago Association of Commerce to the dairy industry

ests in preparing for an organized defence against sales tax laws. It plans a special bureau with headquarters at Columbus, Ohio, to act as a clearing house on retail sales taxation, cooperate with members asking for relief from existing tax laws or protection against pending or proposed tax legislation.

Emphasis is laid on the fact that legislatures will meet during next winter in almost every state in the Union, that agitation for a sales tax has gained much momentum, that at least one nationally organized movement is under way to put sales taxes on the statute books of every state.

Butter and Egg Men Hedged On Butter, Not on Eggs

BUTTER and egg men meeting in gloomy convention at Chicago this week, found their markets taking a further tumble. Egg prices were due to fall and did. Butter prices should have stayed up and didn't.

The chief event of the meeting did not happen at convention headquarters but on the Chicago Mercantile Exchange, main butter and egg futures market. Convention pessimism stirred up the bears. Wild trading dropped egg quotations for November delivery to a record low of 21½¢ a doz. Previous low was 23¢, August, 1922. Most eggs went into storage at 28¢, though May prices touched 31½¢. It has cost about 2¢ a dozen to carry them. Every cent lost means $120 dropped per car of 400 cases, 12,000 dozen, so losses of 8¢ to 10¢ a dozen are serious matters—spell $30 millions taken out dealers' pockets this season, according to L. B. Kilbourne, president of the National Poultry Butter & Egg Association.

Dealers took a chance last spring thinking egg prices were too low and that Humpty Dumpty would have a big autumn. He had a big fall instead. Over half the eggs were not hedged this year—which was not a cheering convention topic. Surplus is the main trouble, with 9 million cases in storage against 7 million last year. Increased production is one trouble but decreased consumption is a worse one. For household economy, people are eating one instead of two breakfast eggs, with corresponding cuts in baking use.

To stimulate consumption, an eat-more-eggs campaign is being launched through national advertising and radio broadcasts. The International Baby Chick Association, having $50,000 on hand, is asking egg men to chip in a penny a case. The United States Egg Society is planning a 5-year program supported by an industry tax similar to the set-up of the National Dairy Council.

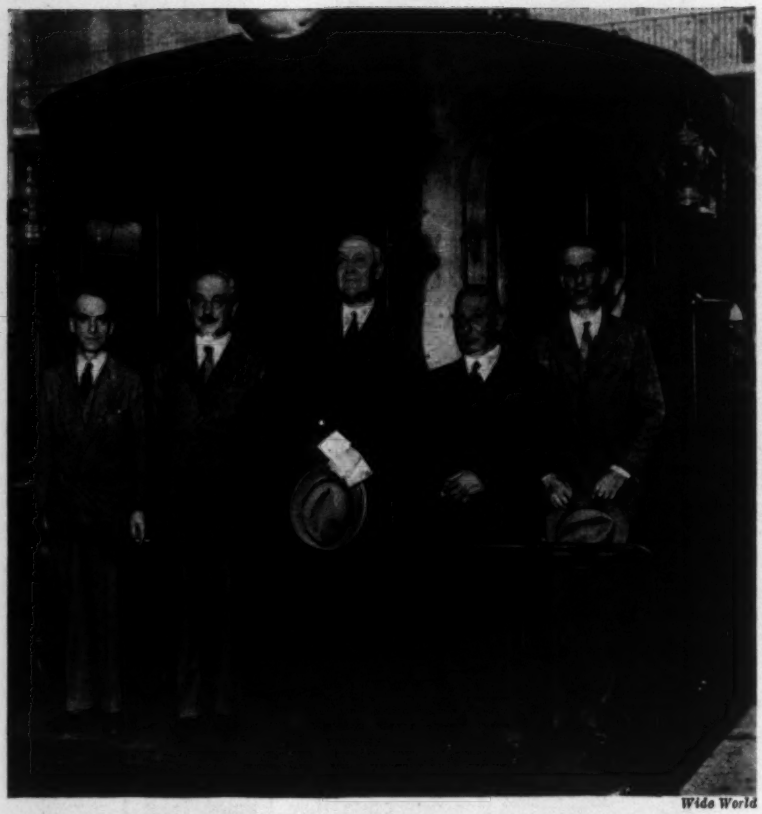
Butter Futures Low

With butter, futures continue low despite all reasons for an upturn. There was a spurt during the drought scare carrying November futures to 42¢ a pound. Now they are back down to 36¢ or a little under, about the price at which butter went into storage a few months ago. Stocks are lower than the 5-year average and storage withdrawals are heavier than last year; yet prices do not seem to respond, buying is not eager. Compared with eggs, the butter people are not so badly off because they learned from heavy losses in 1929. Most butter has been hedged this year. Hence trading on the Chicago exchange to date, 21,000 cars, has broken all records. Egg trading at 22,000 cars is about normal.

The Farm Board is blamed for some of the butter and egg troubles. James E. Boyle, Cornell professor, told the convention that it is "the biggest single element of uncertainty in our agricultural situation." This uncertainty is said to have driven speculative buyers out of the butter and egg futures markets as they have been driven out of the wheat and cotton markets. A resolution adopted demands that the industry organize to fight for its rights and its life against the Agricultural Marketing Act and "other hostile legislation."

Chicago Coal Dealers Plan Contract Sales

CHICAGO apartment houses and apartment hotels that were built mostly to provide bonds for an investment-greedy public are in trouble, with bonds in default, receivers in charge, more receiverships forecast. Coal dealers, stung last winter, are so much alarmed over this winter's outlook that they are planning to fill apartment house bins only under a sales contract that will enable them to repossess the unused coal if instalment payments become delinquent.



Wide World

BRITISHERS INSPECT AMERICAN RAILROADS

E. J. H. Lemon, A. F. Bound, F. A. Cortez-Leigh and F. T. Moffett, all of the London, Midland & Scottish Railway, are guided through the Pennsylvania station by George Le Boutillier (center) vice-president of the Pennsylvania

Some Firms Ignore 1930 Trend, Show Larger Sales and Earnings

Aggressive Policies Reap Business Here and Abroad in Widely Varied Lines

SOME American business executives simply have rolled up their sleeves, gone to work, piled up new sales records, bigger dividends, in this year of difficulty.

Executives responsible for these remarkable records of accomplishment are not inclined to talk for publication, but facts that have been related to *The Business Week* provide prima facie evidence that aggressive leadership has reaped abundant reward, right through the period of gloom.

For instance, two manufacturers, selling their products through canvassers direct to the housewife, find, in the one case sales over 10% ahead of 1929 (a more than normal increase) with a particular upswing noticeable beginning with late August; in the other case, with 11,000 canvassers daily on the firing line of perhaps 110,000 American doorsteps, pushing 1930 August sales 20% ahead of 1929, steadily upward, sales per man increasing in spite of no reduction in price. It would seem that American housewives at least have not been on a complete buyers' strike. The plant of the former has experienced no need for a shut-down, that of the latter has continued at full speed through 1930 without lay-offs or reduction of wages, running 24 hours per day.

That department stores, when guided by real merchandising brains, need not show substantial declines in sales and profits is proved by the records of some leaders who against competitors' sales losses, ranging from 5% to 18% in the territory, increased their own sales 12% for the year. One of them was up 20% for August, 14% for September; another, as a result of consistent depression-ignoring driving for more business (but done at a profit), actually recorded a 65% increase in sales on a single day —Oct. 1. A third (several decades in business) pushed September sales 50% higher than in any previous September.

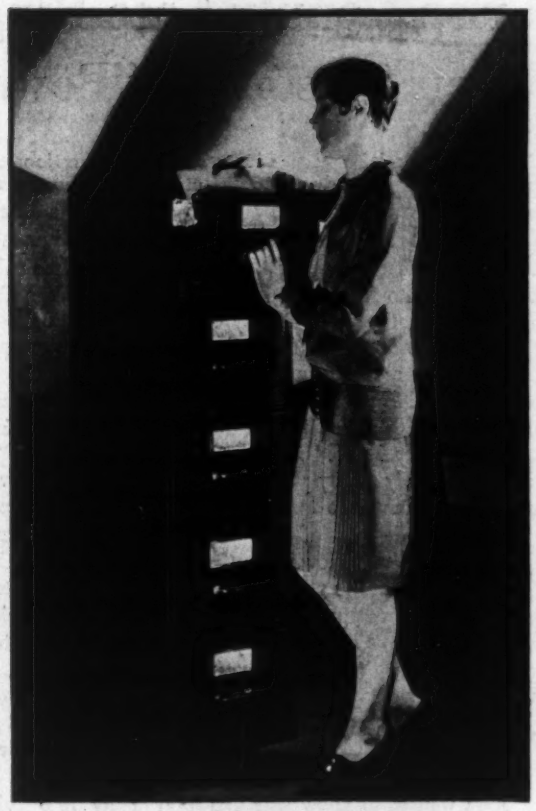
That initiative in selling, in promoting new products was depression-proof even in 1930 is demonstrated by numerous manufacturers. One, producing a line of food products, entered 1930 with a definite idea back of his campaign, supported it with appropriate advertising, shows 20% larger sales. Another entered the field in 1930 with a new product, sales practically at zero, now sees sales records in 7 figures, long before the first year is up.

Making Export Business

The export business is not half bad —for American corporations with intestinal fortitude. One made a survey of its world market after the Wall Street crash, decided that its low-priced line of goods would probably be slower to recover than the high-priced line, organized a sales drive on the high priced line almost world-wide, shows substantial increases in all but a few of the countries, keeps right on pushing. Another goes in 1930 into South America, considered a vacuum for American exporters—organizes its local outlets on a definite sales-building basis, increases personnel according to possible market, finds sales growing in proportion to effort (in many places up 100% over 1929), in one specific case sells 587 units of its equipment within 6 weeks where previously the whole territory had absorbed but 600.

That the manufacturing branch of business as a whole is beginning to take heart, willing to abandon the wait-until-spring attitude, is reflected by the report of 800 members of the National Association of Manufacturers, of whom 36% report present business poor, 47% call it fair, 15% say it is good, and 2% shout "excellent." Asked about prospects for the winter only 21% expected poor business, 59% expect fair business, 18% say it will be good, and that same 2% say excellent, and probably will make it so if there should be any signs of a slip-up.

It is the old, but usually forgotten story: some firms lost money in 1928-29; some firms clean up in 1930. General Conditions can be beaten.



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Crisp County Case Rings In Open Season on "Power Trusts"

A BATTLE royal between advocates of private versus public ownership of utilities is being waged on many fronts as fall elections and the resumption of commission hearings bring the "power trust" issue into focus again.

In Georgia, the Crisp County electric plant and the Georgia Power Co. have been cutting rates against each other, and the resulting rumpus is taking on the aspects of a national test case.

Crisp county bonded itself and built the nation's only county plant, which began a few weeks ago to compete with established business of the Georgia Power Co. in the town of Cordele. County rate schedules were simply those of the private company less 10%—to which Georgia Power promptly replied with a 35% cut "to protect investments against unfair competition."

Discrimination Must Be Proved

The Public Service Commission of Georgia wanted to know why this local reduction did not extend throughout the state; told the company to show just cause. This order was based on the assumption that the cut was voluntary and that it discriminated against sections not benefited. In the ensuing court action, the judge agreed with the company that the commission had "concluded a question without investigating." Thus the commission will have to prove free-will and discrimination before it can demand reasons for local rate-cutting.

Utility people are congratulating each other on this preliminary victory while their critics are pouncing on the case with avidity as an example of how the "power trust" ruthlessly strangles attempts to lower rates by public operation. Attempts were made to have Charles A. Russell, solicitor of the Federal Power Commission, who so outspokenly flouted his superiors in public hearings, go down and investigate. The commission steadfastly resisted pressure to intervene, saying jurisdiction was lacking. Power company officials are reticent about general elements involved but about the local situation they are spreading an approved version of the story into full-page advertisements in the Georgia papers, vowing that they have been wronged.

In the fall elections, the power issue is being featured as never before. New York Republicans promise a speedy solution of the water power problem and regret delays of their opponents, while the Democrats are rampant against "inordinate profits by the manipulation of financial set-ups and security issues," etc. In Pennsylvania, Gifford Pinchot wants to fire the State Public Service Commission and remake it to his liking. Nebraska has settled its Norris-Norris mixup but power is up for scrutiny with a referendum on whether municipal lighting plants shall be expanded by free action of the town council concerned or a local vote must be had for each important decision. Some Alabama people want to tax exports of power from the state. Senator Heflin becomes vocal in showing up alleged power company connections of his political opponents. Senator Phipps is under fire on the power issue in Colorado.

The Political Note

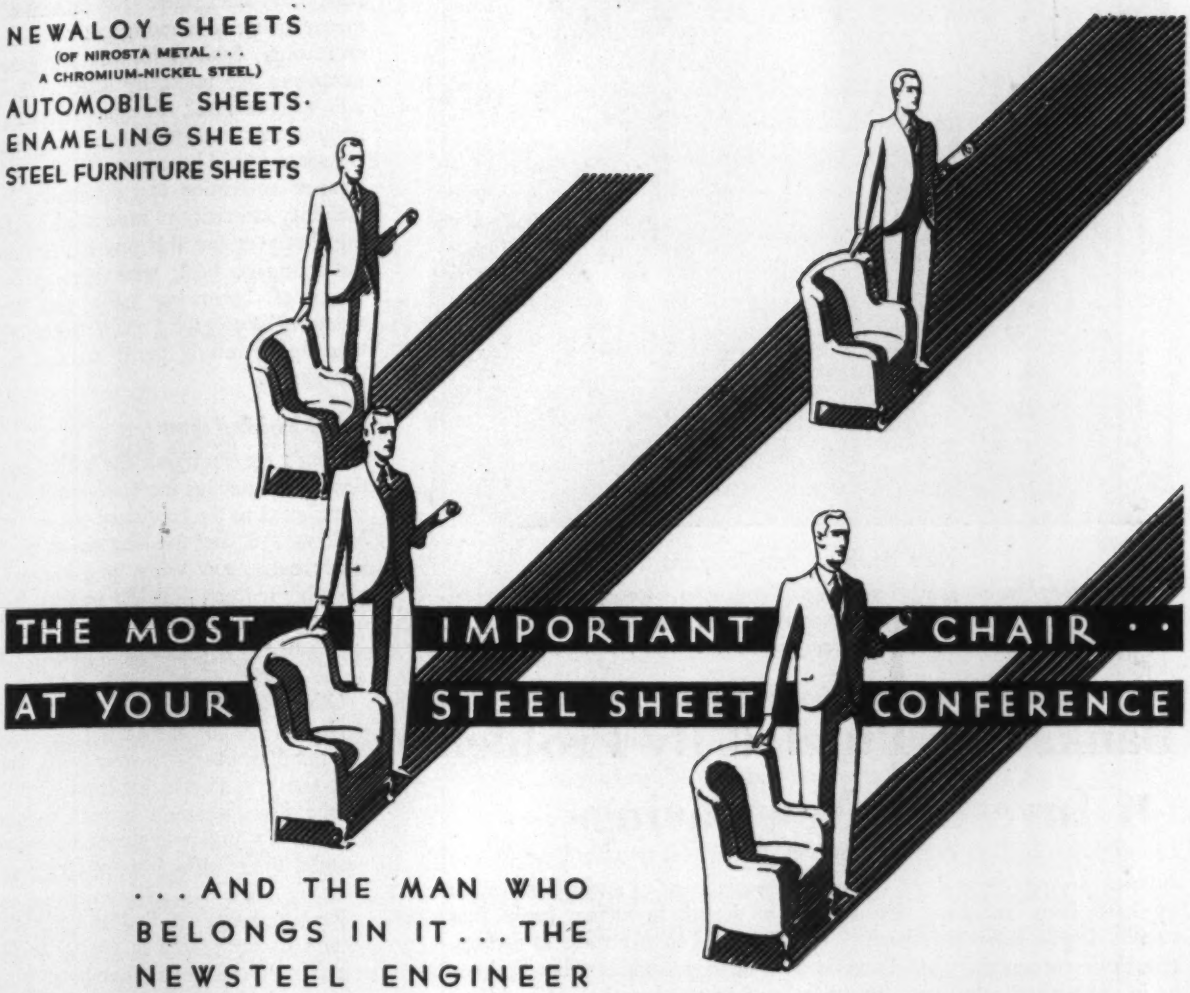
Arizonians still are hot and bothered about Boulder Dam, whether known as Hoover Dam or whatever, and are about to file an injunction suit before the U. S. Supreme Court. In Oregon, public ownership advocates, who have viewed water power as God's gift to the people, which must be kept intact, were shocked when the Public Service Commission stated that steam is more reliable—outweighs cost advantages of most remaining hydro sites. Some of these people want to abolish the commission. A referendum is offered to permit two or more municipalities at will to create a water district and compete with private electric firms. In Connecticut, reformers are chafing under the intrenched leadership of J. Henry Roraback, president of the Connecticut Light & Power Co. and state Republican committee chairman. The anti-machine leaders do not expect to win this year but say that they hope ultimately to divorce the utilities from Connecticut politics.

Meanwhile the Federal Trade Commission, rehabilitated after its building fire, has been adding fuel to the national conflagration by probing the financial structure of two corporate grandchildren of Electric Bond & Share: the Carolina and the Minnesota power and light companies, subsidiaries of the National Power & Light and the American Power & Light respectively. A practice which has been featured through the investigation is that of appreciating or writing up book values of companies involved in mergers or in a change of name. In examining the books, Trade Commission accountants say they found a write-up of $19 millions for the Carolina Company, of $30 millions for the Minnesota company.

HOOVER PRESSED THE BUTTON

The lamp (right center) lighted; turbines turned, and distinguished guests yelled as the first plant of the New England Power Association's Fifteen-Mile Falls development turned Connecticut River water into electrical energy for New England factories

NEWALOY SHEETS
(OF NIROSTA METAL . . .
A CHROMIUM-NICKEL STEEL)
AUTOMOBILE SHEETS·
ENAMELING SHEETS
STEEL FURNITURE SHEETS



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Wide World

NEW HEAD OF THE BANKERS

Rome C. Stephenson (right) of South Bend, who succeeded to the presidency of the American Bankers Association, and Francis H. Sisson, of the Guaranty Trust, second vice-president of the Association

Banks Are Puzzled By Problem Of Investing New Savings

SAVINGS deposits throughout the country have been increasing for several months despite business slowness. The growth is encouraging, but there is a fly in the banker's ointment. The difficulty of investing the increasing funds for a satisfactory return provides a problem that has forced some rate reductions, may cause others.

Primary cause for increases in savings accounts is the fear of hard times and the general recognition of the current instability of employment conditions, resulting in redoubled efforts to save while the saving is good. More thrift is being practiced than for some years. The result is seen in modest new accounts and moderate increases in old ones, which, to a large extent, balance withdrawals for living expenses by those who can't save.

The second cause for increase is the accumulation of idle funds due to the slackness of business. These funds are in the hands of both individuals and corporations, some of whom, seeking temporary investment and coveting high rates, have converted them into "savings deposits" which aren't savings at all. New York banks have recently found saving accounts increasing in total more rapidly than in number and, both in New York and Connecticut, there have been reports of attempts by corporations to deposit in savings banks funds not intended to stay there as savings.

Savings bankers generally have taken a firm stand against such deposits and in many cases have barred all accounts except those of individuals, though there is no method of ascertaining for what purpose an individual is depositing funds. Limitations on the amounts of savings deposits in most states are also intended to prevent any large-scale misuse of savings institutions. Savings bankers are inclined to minimize the amount and effect of non-savings deposits.

Interest Rates Down

Savings banks don't want these idle funds because current low rates of interest make it hard enough to find investments yielding enough to pay dividends plus interest and operating expenses for bona fide savings. Only last week, leading New York city savings banks reduced their rates of interest from 4½% to 4%, and other reductions are being reported. Commercial banks dropped their interest rates on time deposits to 3% and less several months ago.

Most states rather strictly limit savings bank investments to high-grade bonds and mortgages. The amount of money going into mortgages has been decreasing. Savings bankers say good mortgages are unusually scarce. They are being careful, though, and their requirements are strict—unusually so, say some would-be borrowers. To the bankers' contention that the decline in building, especially in residential building, last year and this year has limited the mortgage field, some persons desirous of borrowing reply that the stringent mortgage requirements of mortgage investors partly account for this slump.

Bond Yields Lower

Bonds are absorbing the major portion of the savings increase—which has contributed to the continued rise of the bond market. But the long rise in bond prices over many weeks past has considerably reduced the yield on first-class issues. Average for 60 leading issues, as figured by Standard Statistics, is about 4.40%.

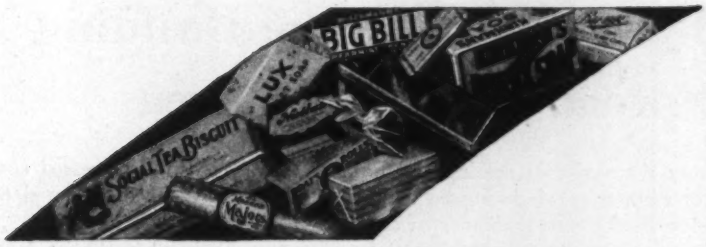
Other investments of savings are negligible. A few institutions are making small personal character loans, but thus far these account for less than 3% of the investments of mutual savings banks. New York and some other states prohibit their banks from making such loans.

Reports prevalent that the increase of non-savings money in savings banks was causing changes in investment policy are vigorously denied by savings bankers. They say that additional cash reserves are not being set up against the possibility of large withdrawals of commercial money; that such withdrawals as develop can be met by their usual arrangements.

Add Cash Reserves

Additional cash reserves are being set up, as they have been in the past, to take care of withdrawals to be expected upon decreases. The recent rate cut in New York brought varying reports, some institutions showing withdrawals of some size, others very few of this character.

One institution personally questioned each individual closing an account as to the reason for withdrawal. It learned that, in many cases, those who took money out were going to put it into long-term mortgages to obtain a higher rate, and planned to leave it so invested. Since non-savings funds would not be so invested, the bank finds in its questionnaire confirmation of its belief that this cause of growth of deposits has been exaggerated.



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MANUFACTURERS today are keenly alive to the importance of the package in aiding sales. Old packages are being improved to secure stronger sales appeal. New sizes are being introduced to meet varied buying habits. Modern wrapping materials, such as Cellophane and glassine, are being adopted for an ever-increasing number of products—notice, for example, how many cigars, cakes, candy bars, etc. are now put out in transparent wrappers.

It is important in making these improvements to *plan from the start for low-cost machine production.* That is why the majority of package goods manufacturers consult us in the early stages of their planning. Early consultation enables us to suggest important economies in wrapping materials and methods, which might be more difficult to effect later. It also enables us to combine our efforts with yours in creating a really fine package.

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NEW YORK CHICAGO LOS ANGELES

Recovery in Home Building Spread Over Wide Area

THE sharp rise in residential building contracts awarded during September in New York's metropolitan area can also be traced in all of the 37 states east of the Rockies covered by reports to the F. W. Dodge Corp. Supplying nearly a third of the total contracts for the month, residential building showed an increase of 19% over August and was less than 17% below September, 1929. In the metropolitan district, residential awards formed 47% of the total volume and established a new record for the year. Though residential construction in the United States has run consistently more than 50% below the 5-year average each month during 1930, the marked reversal of the downward trend from the peak reached in April is particularly significant, coming as it does when general business activity is hitting bottom.

New construction during September reached a total of $331,863,500, a decrease of only 4.4% from August, compared to the usual 7% to 9% decrease between these months, and a decline of 25% from the total of $444,402,300 in September, 1929. A comparison of 1930 with the average of the 5 previous years indicates that each month of the present year through May moved practically parallel at a level of about 19% below the 5-year curve. The peak month of 1930 shifted to June, when an exceptional volume of contracts for public works and utilities were let in response to governmental encouragement during the spring, lifting the month 3% above the 5-year June average. The following 3 months have shown a declining trend at a rate somewhat above that of the 5-year curve, so that September is 38% below the average for that month.

Non-residential Off

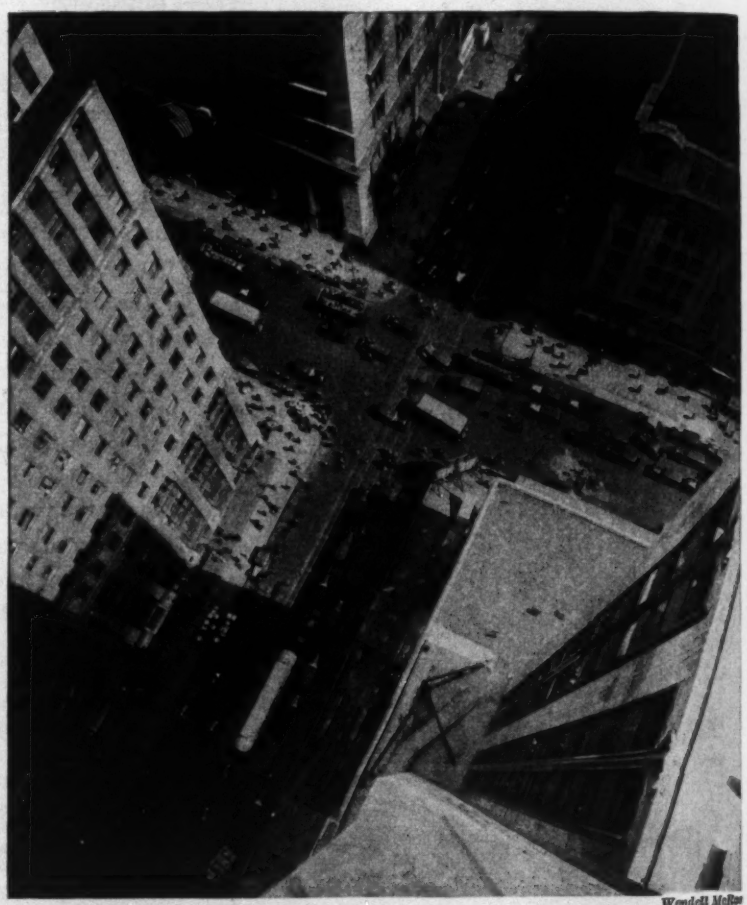
Non-residential contracts awarded during September declined 6% compared with August and 37% compared with 1929, while public works and utilities declined 18% during the month and about 14% from a year ago. Commercial and industrial construction fell markedly compared with September, 1929, but the latter group showed a substantial increase over August. Educational and hospital buildings also increased in volume over August and are but slightly below a year ago.

Three out of the 13 districts in the United States, as arranged by F. W. Dodge, reported increased construction during September compared both with August and September, 1929, while 4 other districts bettered the August totals but not those of a year ago. These groups comprise the New England area, metropolitan New York, the central Northwest, the Pittsburgh area and a number of Southern states.

While total construction at the end of the first half of 1930 ran only 12½% behind the same period of 1929, at the end of the third quarter the total volume of contracts ran 20% behind the first three quarters of 1929, while comparisons with the years 1925 through 1928 reveal a decline of from 18% to 28% for the three quarters instead of 4% to 24% for the past half. Each group *except* the residential group has lost ground since the half-year mark, former decreases becoming greater and increases becoming smaller or disappearing altogether. The improvement noted in residential construction is the basis for some confidence that general business activity should regain a measure of stability in the coming months. In the past an upturn in residential building has always preceded an upturn in business.

Bonds Get Smaller Share Of Insurance Money

INSURANCE companies—after banks, the country's largest investing group—are changing the character of their investments. The bond market is getting a steadily decreasing share of their money, though not a decreasing amount since gains in assets are continually giving them more to invest in all markets. Life companies are turning from bonds



Wendell McRae

34TH AND FIFTH

Looking down the stainless steel stripes of the Empire State Building from the 35th floor. Work has begun on the 205-foot dirigible mooring mast of steel and glass, which, added to the 85 stories, will bring the total height to 1250 feet

to mortgages; others, legally permitted to do so, have swung sharply to stocks. The strength of the shift is brought out in comprehensive studies of insurance investments just released by J. G. White & Co. of New York. These show:

Percentage of funds invested in bonds by 33 life insurance companies, representing $15 billions out of a total of $17 billions of life company assets in 1929, fell from 51.6% in 1924 to 45.6% in 1929, while investments in mortgages were rising from 47.6% to 51.8% and those in stocks (though very few life companies can hold common stocks) rose from 0.8% to 2.6%.

Fire and Casualty, Too

Bond investments of 63 fire insurance companies with $1,547 millions total investments in 1929 dropped from 62.8% of total in 1924 to 41.6% in 1929, while mortgage investments fell from 4.1% to 2.5% and stock holdings rose from 33.1% to 55.9% of total investments in the same period. American branches of foreign fire insurance companies with $181 millions of investments showed the same 1924-1929 trend, their share of funds put into bonds dropping from 93.4% to 81.5%, while that going into stocks rose from 4.5% to 15.3%.

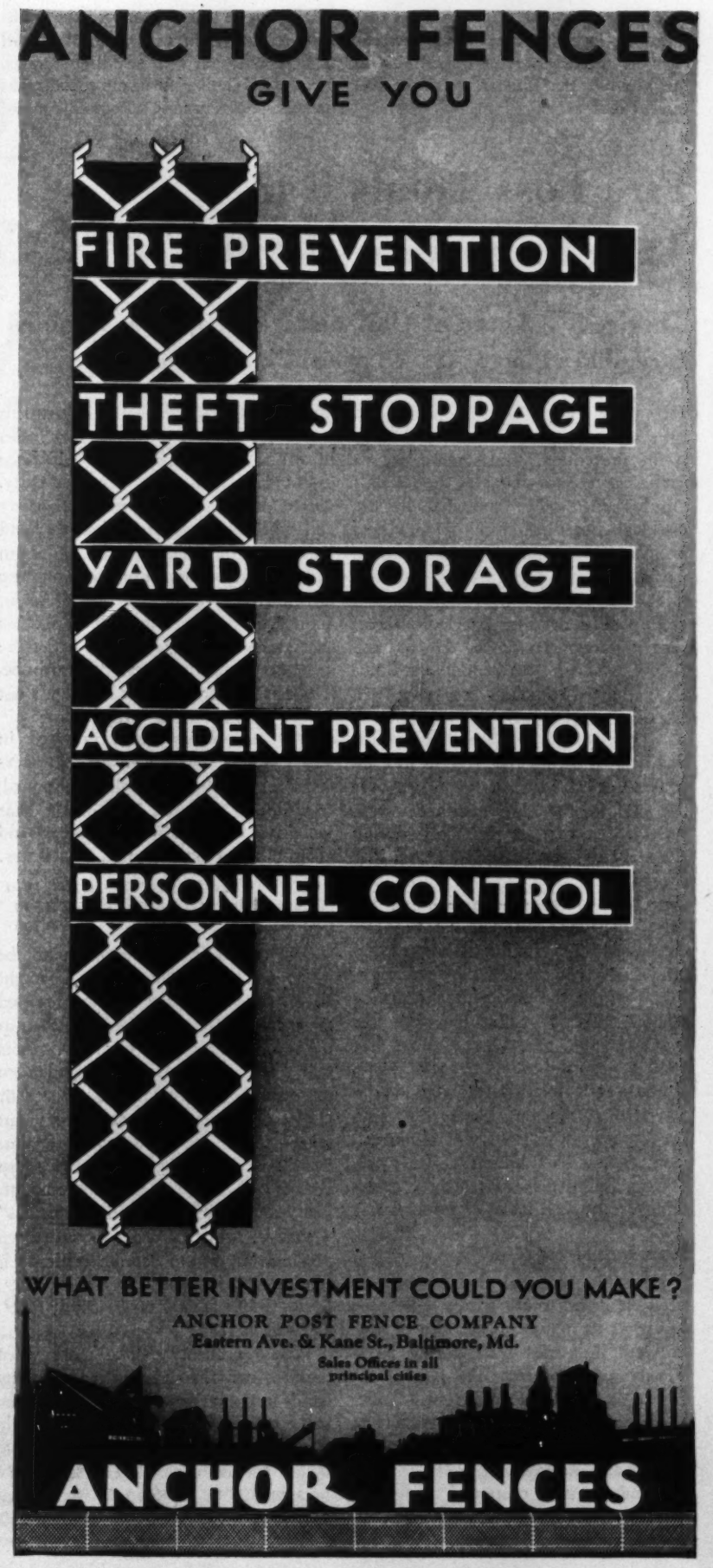
Investments of 25 casualty and miscellaneous insurance companies, with assets of $789 millions, allotted bonds a 78.9% share of total in 1924 but only 61.4% in 1929, while for the same period the share of funds in mortgages dropped from 5.7% to 3.4% and that in stocks rose from 15.4% to 35.2%.

Among bonds, life insurance companies show a growing preference for public utility senior issues, a sharply decreasing interest in government securities. For all types of companies the 6-year period studied has witnessed a steady rise in percentage of utility holdings and a sharp drop in that of government securities.

Compulsory Insurance Hits Snag in Massachusetts

ADOPTION of Massachusetts compulsory automobile liability insurance law, proposed as a means of promoting highway safety and decreasing insurance rates, has been followed in 1930 by new records for frequency and severity of traffic accidents which have now brought from insurance companies proposals for a new rate schedule calling for an average increase of 6%.

This move for higher rates backed



by the insurance companies' claims that they are losing money under present ones, is meeting strong opposition on the grounds that higher rates penalize careful drivers.

The governor has proposed the establishment of a merit system that will make careless drivers pay higher rates. This plan, similar to Connecticut's, has many sponsors among automobile clubs.

Fire Loss Totals Run True to Form in 1930

They're 5% Ahead of 1929 and New York Has Doubled Incendiary Blazes; It's a Typical Depression Year

THE week ending Oct 11, which has been solemnly dedicated by some one to fire prevention, creates news interest in the trends and whims of the nation's fire losses. Figures compiled by the National Board of Fire Underwriters from member companies show statistics running true to form. When business is at low pressure fire losses go up. During such overcast interludes insurance premiums go down, due to such factors as smaller stocks, depressed values, lessened amounts of goods in transit, general frugality of expenditure.

In August, the last month on which the board has figures, there was an increase of 18.38% in fire losses over the total for the same month of 1929. Wealth that went up in smoke during August, '29 was $30,446,893; during August, '30, $36,043,679. This was about double the ratio of increase for July. In June and January the loss decreased 5.30% under last year's figures. All other months show increases, May topping the list with a jump of 19.56%. Totals at the half-year disclosed a 5% rise, $242,299,771 for 1930 as against $230,092,795 for 1929.

Last year's total losses were $473,574,019. If the half-year average continues, losses for 1930 will mount almost to the half billion dollar mark. (National Board's totals include everything except such losses as forest fires.)

How Industries React

Since the National Board deals entirely in grand totals, it is not possible to dissect its figures. Some idea of how different industries react during recessions can be got from the files of the New York Fire Department. Totals available are for the first 2 quarters of the year for the boroughs of Manhattan, Bronx, and Richmond.

"Understand," cautioned the office fireman, "the figures of insurance companies are higher than ours. We deal only with fire to which the department responds. There are plenty other losses of which we never hear. For instance —Mr. Van Blah Blah throws a party. Guests under the influence of gaiety and what-have-you drop cigarettes and burn holes in a $3,000 rug. No alarm is turned in but the insurance company has to make good the loss. Again, John Doe has a closet full of clothes that are insured. He decides to let the insurance company refresh his wardrobe. There is a fire which Mr. Doe puts out before we have to be called."

Most conditions are aggravated in New York. The fire record is no exception. In the boroughs mentioned, fires during the first half of the year increased over 10% in number and about 30% in amounts lost. As witness.

	1st Half 1929	*1st Half 1930*
Number of fires	7,383	8,350
Loss total	$4,934,000	$6,408,740

The reason for this jump cannot be pinned on any single factor. As might be expected, harassed persons resorted more frequently to incendiarism than in the over-healthy year of 1929. Fires with definite proof of incendiarism numbered 23 in the first 6 months of last year, 49 in the same period this year; dollar losses, $43,525, against $127,230. Strangely, there was a sharp decline both in the number and amounts lost through causes marked "suspicious" —that is, fires that seem to have been planned but where definite evidence is lacking. The count was 82 in 1929; 57 in 1930. Losses, $677,435 in 1929; $63,820 in 1930.

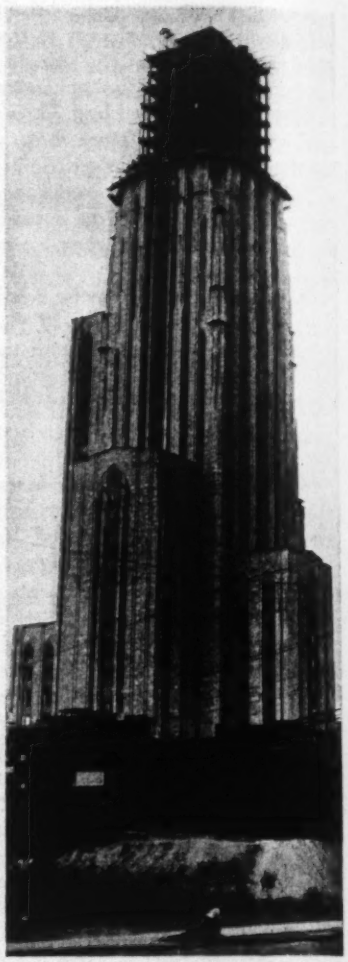
People probably smoke more when they are nervous and worried. Shaking hands might be expected to drop lighted butts more often. There is a rise in the number of fires from this cause and in the amount of loss. The score: 876 fires in 1929; 1,196 in 1930. Losses, $121,565 in 1929; $171,435 in 1930.

The action of caution characteristic of depressions may be seen in the decline in the number of fires caused by "Matches, careless use of." The count is 125 this year against 230 last. However, the losses rose, from $50,345 in '29 to $61,575 in '30. That dangerous combination, "Children and Matches" dropped from 214 to 155 during the period. Losses were stationary at $34,500

Since plants are being operated at lower speed there ought to be a decline under the heading "Friction, Machinery." The fact that there is a rise instead may put evil suggestions into the minds of the skeptical. The score for 1929 is 27 fires with a loss of $21,285; this year, 37 fires with a loss of $55,710.

An even greater jump occurred in burnings caused by "Vapors of Gasoline, Benzine, etc." In 1929 there were 1,019 fires with a loss of $64,030. In 1930 1,413 fires, loss $192,690.

There is room for much speculation



Wide World

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2,900,000 New Customers Added to Your Western Market Since 1920

—a total market today of Twelve Million People in the eleven Western States...an increase of 32% in ten years.

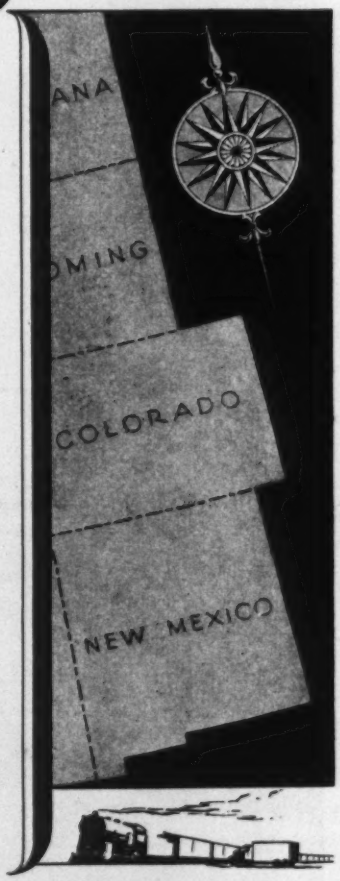
Oregon, Washington and California combined, increased 2,596,005 — 46%

California alone increased 2,226,784 — 64%

Southern California increased 1,630,333 — 107%

Los Angeles County increased 1,263,202 — 134%

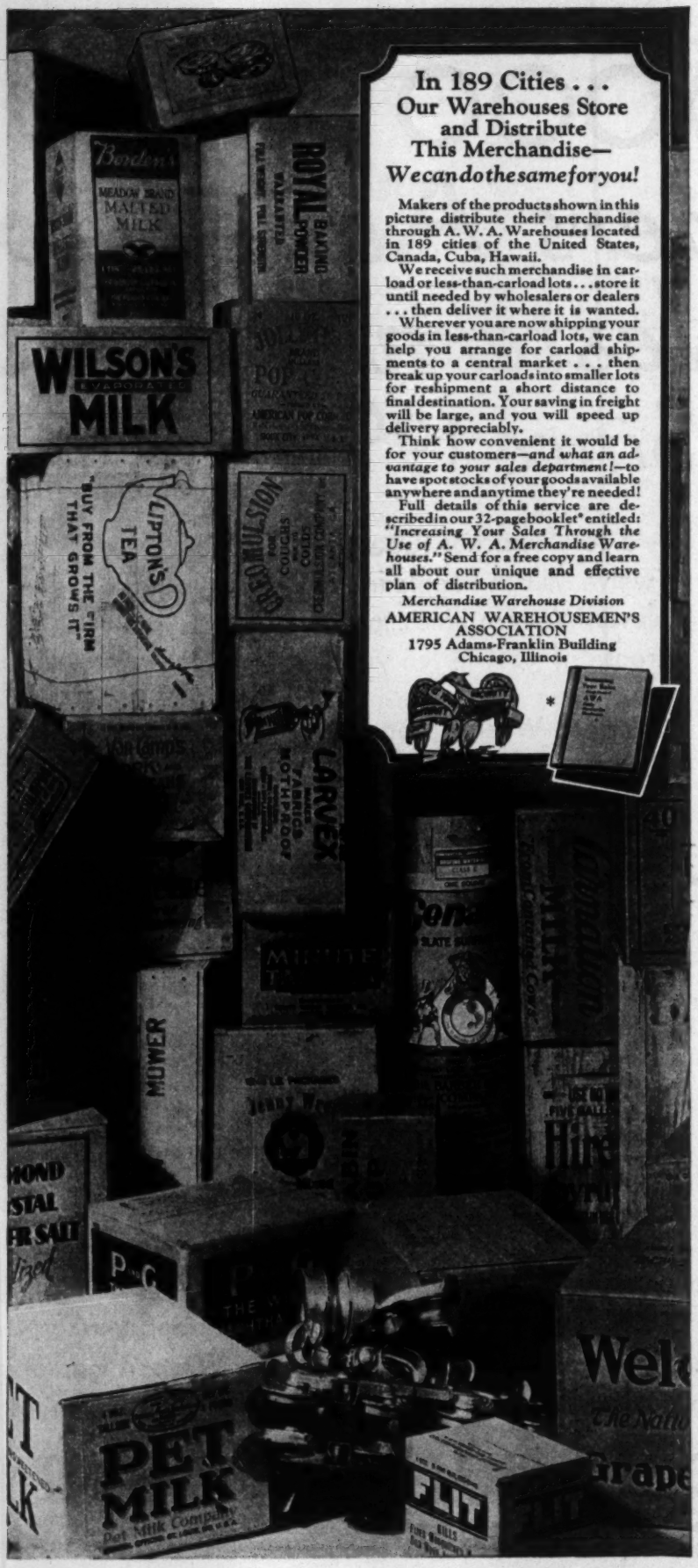
Population Now 2,199,657



More than half the increase of 2,920,000 in the eleven Western States occurred in Southern California. The manufacturer who considers distribution costs carefully will readily see the advantage of locating his plant in this concentrated market . . . from which the entire Western market is served at lowest per capita distribution cost.

Industrial LOS ANGELES COUNTY

Manufacturing Executives Are Invited to Write to the Industrial Department, Los Angeles Chamber of Commerce, for Detailed Information Regarding this Great Western Market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We can do the same for you!
Makers of the products shown in this picture distribute their merchandise through A. W. A. Warehouses located in 189 cities of the United States, Canada, Cuba, Hawaii.
We receive such merchandise in carload or less-than-carload lots . . . store it until needed by wholesalers or dealers . . . then deliver it where it is wanted.
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Think how convenient it would be for your customers—and what an advantage to your sales department!—to have spot stocks of your goods available anywhere and anytime they're needed!
Full details of this service are described in our 32-page booklet* entitled: "Increasing Your Sales Through the Use of A. W. A. Merchandise Warehouses." Send for a free copy and learn all about our unique and effective plan of distribution.
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LARVEX
MOWER
PET MILK
Pet Milk Company
FLIT

in the totals arranged according to the type of building.

Type	Fires 1st half 1929	Fires 1st half 1930
Dwellings	398	402
Factories	110	120
Factories in lofts	374	384
Public garages	150	148
Hotels	53	35
Office buildings	133	103
Department stores	9	6
Smaller stores	255	293
Tenements	2,502	2,739
Theaters, all types	58	28
Unoccupied buildings	135	204

Insurance officials tell one that the "moral hazard" increases when times are difficult. A person hard up is more likely to encourage a fire and cash in on his insurance policy. The table bears out that conclusion. There was a rise in both types of factories, though production was curtailed. Unsuccessful struggles with temptation might account for the increase in small store fires and those in unoccupied buildings.

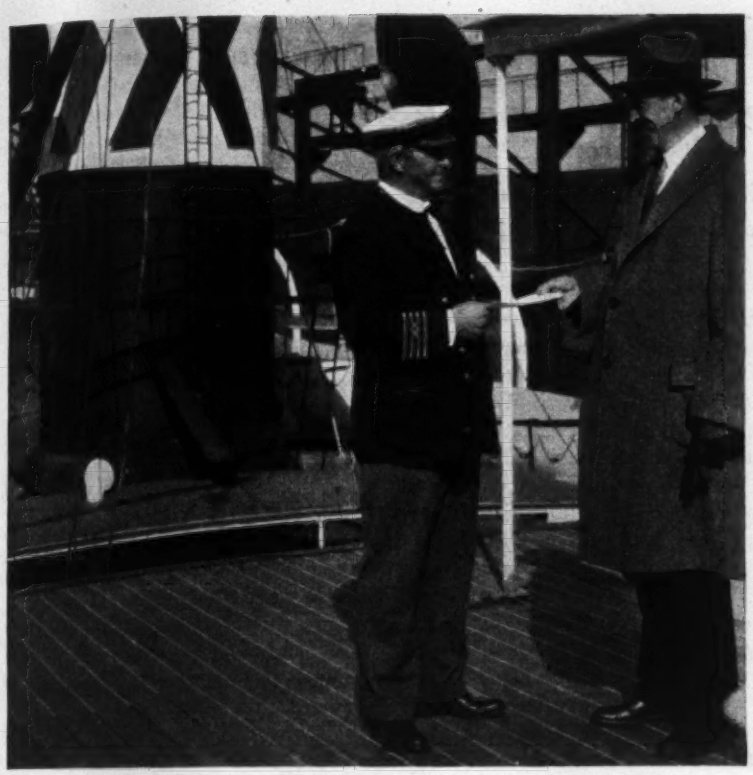
A partial break-up of the types of factories shows, among other surprises, a decline in fires for men's clothing, fur establishments, shirt factories, cloaks and suits:

Types of Factories	Fires 1st half 1929	Fires 1st half 1930
Cloak and suit	6	4
Clothing, men's	9	7
Clothing, women's	17	19
Fur goods	15	11
Foundries	13	17
Furniture	8	9
Millinery	17	27
Newspapers, printing	37	17
Shirts	3	2
Shoes, leather goods	11	22

Similar surprises are revealed by a partial break-down of the totals for stores:

Type of Store	Fires 1st half 1929	Fires 1st half 1930
Cloaks and suits	4	4
Furriers	10	5
Men's furnishings	18	12
Furnishings, women's and children's	19	25
Tailors, men's	18	26
Tailors, women's	2	1
Restaurants	118	110

Fire losses of the United States in 1913 were $203,763,550. Increased war activity, added to the waning value of the dollar, increased the total to $353,878,876, in 1918. There was a slight decrease for 1919 but the slump of 1920-1921 caused the totals to bounce skyward. For 1920 it was $447,886,677; for 1921, $495,406,012. The rise continued until the end of 1926 when the figure stood at $560,548,624. Indications are that 1930 will fall below this record.



SPEED DATES TO MARKETS

Henry D. Peeps (left), master of the S. S. Gorjistan, receives a bonus check from William D. Buckley, of Hills Brothers Co., New York date merchants

New Ship Wins 10,000-Mile Race To Land First of Date Crop

WHEN the year-old, oil-burning S. S. *Gorjistan* steamed into New York harbor Oct. 4 with her hatches open, booms rigged to the derricks, and Hindu donkey men standing by their engines, America's first date shipment in the 1930 race had arrived a week ahead of all records, a week ahead of its nearest competitor. An hour after docking, the first of the 180,000 boxes of Iraq dates which made up the $1,500,000 cargo of 5,000 tons, was being unloaded. By the following night, a train of 70 cars left New York for the West carrying the vanguard of the fresh crop. Nearly 500 tons of these bulk dates were booked for West Coast jobbers; the major part of the shipment was to be dropped off in car lots en route.

A Seasonal Fruit

To the average American, a date is a Thanksgiving and Christmas fruit, raised in California, or "somewhere abroad." Actually, the bulk of the dates consumed in the United States come from Basra, famed old Arab city at the junction of the Tigris and Euphrates Rivers nearly 100 miles from the head of the Persian Gulf, and 9,980 miles by water from New York. Iraq annually produces about 400,000 tons, exports more than one-fourth of the crop. England and the United States are the largest purchasers. Until the beginning of the century London controlled the world market. Compared with Iraq's annual exports of 100,000 tons, California's annual yield in excess of 400 tons is small, though date culture is still comparatively a new venture in this country. California is specializing in an African date, sold in its natural state, not sticky, a high-priced dainty.

The reason for the race from Basra is unusual. It is traditional that the first shipment contains the juiciest and finest of the season's crop. Long a highly seasonal business, prices of dates are largely determined by the first shipment to reach the market. Thirty years ago when the first venturer attempted to break London's monopoly of the United States market, he succeeded only by rushing his shipment to New York before London was aware of what was happening. As each new importer has entered the race, competition has become keener. The Hills Brothers Co., winners for many years, offer a bonus to the ship's captain when he wins. In 1920, the winner made the 10,000-mile dash down the Persian Gulf, across the Indian Ocean, Red Sea, through Suez, the Mediterranean, and to New York in 42 days. Last year the *Shahristan* did it in 36 days. Time has become so valuable Hills Brothers this year chartered the 14-knot oil-burning *Gorjistan*, which crossed in 26 days.

Iraq's Major Export

Dates are the major agricultural product of southern Iraq. Of the 30 million date palms in the country, more than half line the banks of the combined Tigris-Euphrates in the vicinity of Basra where temperatures of 130 degrees with tidal water for irrigation account for the Arab proverb that the date palm must have "its feet in water and its head in fire." Only other significant source of American import is Algeria.

Dates hang in clusters about a central stem. Trees produce after 6 years and up to 70 years. Average yield is 50 pounds to a tree, though with careful culture production can be jumped to 150 pounds.

There is no commodity or produce exchange on which dates are traded. When the harvest season arrives, growers and exporters gather at a Basra coffee shop and bargain until a price is agreed on. Principal growers are wealthy Arabs. The only American plantation is owned by Hills Brothers, who have experimented with irrigation methods and who import the bulk of the American shipments, job out a part of their imports, pasteurize and package the balance to sell under their own trade name. Dromedary is their best-known brand.

Though pasteurization has made the marketing of dates less seasonal, Hills Brothers, as is the case with most other importers, handle other fruit crops in quantity. From Italy they buy citron which they candy. Georgia farmers are under contract to supply pimientos from their huge plantations. Smyrna merchants ship figs at nearly the same time that dates are arriving. This year's crop in Smyrna will total 18,000 tons. First shipment reached New York Oct. 4. In Florida, the Hills have 5 grapefruit canneries; last year extended operations to Porto Rico.

Even Armco Can't Escape Rumor As Steel Independents Coalesce

But George M. Verity's Specialties Mills Can Stand Alone for a Long Time—Successful, Alert, Unique

MORE than a year has passed since the independent steel industry was definitely observed to be rising in temperature, fusing, and coagulating in great masses. A grander Republic, a new National, and a hypothetically greater Bethlehem emerge from the turmoil. Steel, unlike railroads, did not have to assign each company to some large grouping, but none has escaped conjecture as to its future in an industry so reorganized that the old distinction between Corporation and independents would disappear. Of those least touched by such rumor is American Rolling Mills, the specialty business, or group of specialties, which George Matthew Verity has built up in Middletown, O., and other places.

Nevertheless, Armco has not entirely escaped rumor. Lately it has been clear that the United States Steel Corporation might like to have the American Rolling Mill Co ; Bethlehem Steel might like it still more. Armco could stay independent a long while, but there are several reasons that may move it into alliance with one or another great group in the fullness of time—its ore position, the necessity for having a large volume of business to keep its continuous finishing mills running profitably, its location out of the main steel districts, its value to an eastern concern designing western plants.

Its Field Invaded

So long as the steel plants ran to commodity tonnage, Verity's specialty business was secure. For more than thirty years Verity clung to specialties—pure ingot iron, corrugated culverts, lately continuous rolled sheets and around them specialties in management and specialties in labor relations. But now the whole industry, including U. S. Steel, has taken up specialties—U. S. breaking over its practice of the same thirty years in acquiring a license for Verity's continuous mill. Moreover American Rolling Mill in the process of its own rapid growth has acquired connections with the Fishers in Detroit and the Mellons in Pittsburgh. Its old neighborhood isolation is gone.

Meanwhile Chairman Verity passes 65. His son-in-law, Charles R. Hook, is president, and his son, Calvin W., is treasurer. Verity got into the iron business by way of wholesale groceries, in 1889, when he took charge of a broken-down tin-roofing company. His story has often been told, how he concluded that vertical integration was called for, erected furnaces and rolling mills, developed new forms of conduit and culverts, brought out a technically pure iron, and built up Middletown into a happy and tranquil community.

Verity's father was a Methodist minister whose pay averaged $500 a year and whose pastorates changed so often that young Verity attended schools in fourteen towns. Rev. Jonathan Verity was first a circuit rider, then a pastor in regular charges, but the Methodist conferences believed in keeping their ministers on the go. The son managed to get through high school at Georgetown, O., but when his father wanted him to go on to college the money could not be found. He went to business college in Cincinnati for a year and held an uncongenial job for a feeble wholesale grocery owned by relatives. Three years later, in 1889, he took charge of the Sagendorf Roofing & Corrugating Co. of Cincinnati, then in receivership, with twenty-five men on its payroll. Shortly afterward Verity formed a new company and bought the business. His own interest was acquired for $500, which he borrowed.

Building Armco

Finally, the stem of the American Rolling Mill Co. was formed in 1899 and it absorbed the Sagendorf company the same year. Later accretions were the Muskingum Valley Rolling Mill, the Columbus Iron & Steel Co., and the Ashland Iron & Mining Co.

Verity had the shrewdness to perceive in 1899, as he and others in Middletown formed the Armco Company, that it could not compete on a commodity

GEORGE M. VERITY

At sixty-five, the chairman of the board of American Rolling Mill Co. still lifts his mount over the bars

basis with the Carnegie Steel Co., the Federal Steel Co., and others of those marching times. It must specialize, both in product and in quality. Verity had brought out a corrugated rain conductor which was stronger than ordinary pipe, and out of this grew the culvert business that in time spread around the world. In the year the United States Steel Corp. was forming, Verity started building a rolling mill in Middletown.

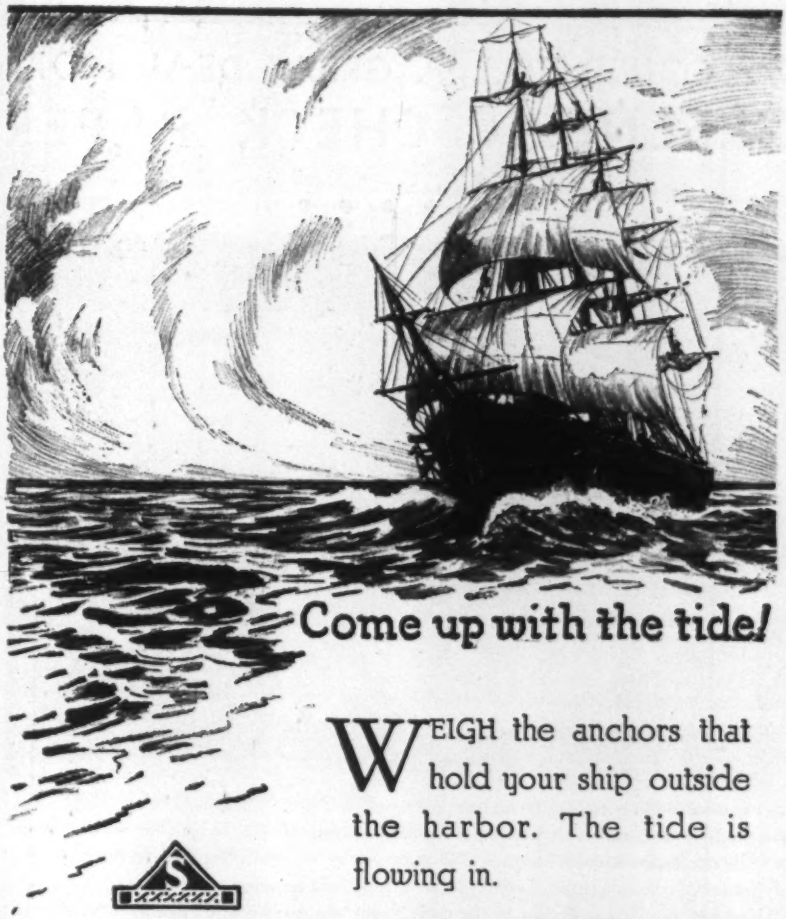
A Revolutionary Idea

Armco went into its rust-resisting iron beginning about 1902, in conjunction with some research that was being carried on at that time by Westinghouse Electric & Manufacturing Co. The field was open for a technically pure iron which could be made in a commercial way—which experts had decided was impossible—and Verity's company hit upon the revolutionary idea of making steel first and then removing the carbon and other alloying elements. Besides being adapted to sheet metal uses in the open air, the iron was a good electrical conductor. Verity's association with Westinghouse grew until in 1907, when Westinghouse got into difficulties, Verity became chairman of its finance committee.

Steel Sheet Next

Armco's next specialty was a process rather than a product. Middletown is in the old Miami valley paper-making region, and a young engineer, John B. Tytus, came to the company from one of the paper mills. He got the idea that steel could be rolled and coiled in manufacture the same way paper was, and in 1909 he set to work in the Armco plant. After interruptions the effort was seriously resumed in 1921. The continuous manufacture of steel sheet was an old dream of the steel industry, and the United States Steel Corp. attempted it and failed no less than three times. Experts said it could not be done, just as they had said pure ingot iron was commercially impossible. One of those who was with the Steel Corporation when the attempt was made at Sharon, Pa., was Ernest T. Weir of Pittsburgh, and subsequently the Weirton Steel, now National, took out a license under Armco's method. Now U. S. Steel is also licensed, the first time the corporation ever paid a royalty.

American Rolling Mills perfected its process in the plant of the old Ashland Iron & Mining Co. at Ashland, Ky., for which the company appropriated $7,000,000 in 1922, an enormous sum for it to risk upon the success of the



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venture. There, with trusted employees and in complete secrecy, in a works half a mile long, the old problem of rolling sheet continuously from ingot to finished coil was solved—at 200 feet a minute. Not, however, without others' accomplishing something similar at the same time, as is the manner of invention, and it was cheaper and pleasanter to arrange a consolidation between Armco and the Forged Steel Wheel Co. of Butler, Pa., a Mellon interest. Others who had hit upon portions of the method were licensed.

The material goes chiefly into automobile bodies and refrigerators. The Ashland works is capable of rolling continuous sheets wide enough to form the whole back of a sedan. Something like $50,000,000 worth of new plant was laid down by licensees of the process after 1925 and while large royalties will be coming to the company when all the new mills are working, the sheet industry is capable of great overproduction. A $6,000,000 installation has to run most of the time to make money, and back of each machine is the equipment for making the ingot steel it uses.

Specializes in Men, Too

For specialties in product Verity specialized in men, and Armco labor relations are almost as well known by the brand as the company's ingots. Verity is fond of saying he has never had a wage dispute with any man. Like John H. Patterson of Dayton, Verity looked after the living conditions of his community, but he never went after things hammer and tongs the way Patterson did. Every pecuniary, environmental, or psychological incentive was provided. Out of labor relations developed his interest in town planning. At Middletown he opened Armco Park, a 400-acre woodland with a public golf course, a club house, and an athletic field. Verity has his own private course and a riding stable. He is a splendid horseman. All his life he has kept himself physically trim; he never forgot to play, and he is still erect and handsome. Verity is charming in conversation, a graceful speaker in public, and cordial to most social and civic movements of his community. He is a Presbyterian, a Mason, and a Republican. His career has been balanced, serene, and tranquil, the perfect example of what clean living and right thinking, plus ability, will do for a man who finds success relatively early in life. A novel could be written around Verity, but the story would be too pleasant to be believed in these days.

Low Tobacco Prices Revive Zeal of Growers for Cooperatives

Old Organizations Come to Life as Market For Burley and Flue-cured Sags to Bottom

DOWN in the Bull Durham country desperate tobacco growers, aroused by below-cost prices, are trooping back into cooperative organizations. It is only 10 years since the growers in similar distress joined in a cooperative crusade which embraced practically all tobacco-growing sections. Of 7 associations that at their peak in 1923 had enlisted 300,000 growers and handled 46% of the total crop, only 2—the Maryland Tobacco Growers Association, membership 4800, and the Northern Wisconsin Tobacco Pool, 7900—are operating today.

Farm Board Just Watching

Recognizing that the new urge to cooperation, born of adversity, may likewise dissipate itself in prosperity, the Federal Farm Board is watching rather than pressing developments. Resentment against the big tobacco companies runs high and the board, fearing that the growers still hope to retaliate by establishing a monopoly in their own hands, proceeds cautiously.

Jim Stone, vice-chairman of the Farm Board, and former manager of the Burley Tobacco Growers Association, largest of the old co-ops, assumes that the present widespread movement among the growers will result, as in 1920, in setting up comprehensive cooperative organizations throughout the tobacco districts. Stone probably is the only man who has the confidence of all tobacco growers. His influence may be sufficient to keep the new-born cooperatives on a firm footing. He is emphatic in his declaration, however, that they cannot succeed without the help of the manufacturers. He is making it his job to bring the big companies into line. Obviously, his task is not made easier by the harping of growers on the alleged conspiracy among R. J. Reynolds Tobacco Co., Liggett & Myers Tobacco Co., American Tobacco Co., and P. Lorillard Co., otherwise known as the "Big 4," to hold down leaf tobacco prices. This is a perennial complaint of the growers but investigation by the Federal Trade Commission has uncovered no evidence of collusion.

The manufacturers are showing a better spirit toward cooperative marketing, according to Mr. Stone. He has been telling them: It is the fluctuation in leaf prices from year to year, and not the measure of prices, that brings disaster to the growers. Price stability will not cost the buyer any more over a period of time, but it will give the grower a chance to regulate his cost so that he can make money out of tobacco. In order that production may be restricted to consumptive demand, the price level should be adjusted to eliminate the marginal producer, yet give the efficient grower reasonable return.

Several of the large tobacco companies, including the Imperial Tobacco Co., which has bought little, if any, tobacco from cooperatives in the past, now are dealing with the South Carolina Tobacco Growers Marketing Association. It is no secret that Stone was instrumental in making these sales. It is no secret, either, that the tobacco companies are pleased with the offerings of the association. The organization has availed itself of the inspection and grading service maintained by the U. S. Department of Agriculture.

South Carolina First

The South Carolina co-op was the first one organized under Farm Board auspices. The contract adopted March 31 went into effect with the season's crop. Deliveries to the association already amount to 12 million pounds and the total is expected to reach 18 million or 20 million pounds. The association has a drawing account of $750,000 on the Farm Board, and a supplemental loan from Chase National Bank is double that figure. Of the price the tobacco will probably bring, 75% is advanced to the grower on delivery. This is a low figure compared with advances made on cooperative cotton and wheat, but the Farm Board will not approve a larger advance because of the absence of daily market quotations on tobacco. Prices vary widely not only from day to day but in different markets on the same day. The price situation also is confused by the hundred or more grades.

In Virginia two cooperative associa-

Pacific & Atlantic

BOX-CAR BARGES

The Mississippi Valley Barge Line began service Oct. 5 between Cincinnati and New Orleans. Barges have triangular ends, interlock neatly to form tows

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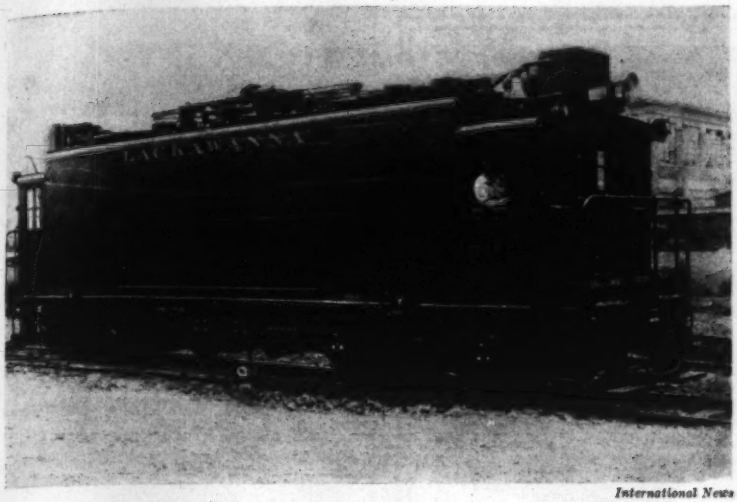


International News

ANYWHERE THERE ARE RAILS

This new electric locomotive operates from overhead trolley, third rail, oil engine, or storage batteries. It is for switching service in the Jersey City yards. Similar locomotives, 42 of them, have been ordered for New York Central service

tions are already organized to market next season's crop of bright flue-cured and dark-fired tobacco. The campaign in the Old Dominion was inaugurated too late to permit cooperative marketing of this year's crop.

In North Carolina, greatest of the tobacco states, the cooperative movement has developed so swiftly that part of this year's crop may be handled by the two associations now in process of organization in the eastern and western belts.

New Cooperatives Formed

The new cooperatives in Virginia and the Carolinas embrace the territory of the old tri-state organization—the Tobacco Growers Cooperative Association, of Richmond, that with 97,000 members was organized in 1922 and went bankrupt in 1926.

On returning from a scouting trip in Kentucky recently Mr. Stone reported "quite a feeling" for reorganization of the old Burley Growers Association that, with $100,000 in the bank and warehouses now operated at a profit to its member stockholders as auction markets, is ready to resume operations on short notice. The Burley Association succeeded where others failed, receiving from its 110,000 members in Kentucky, Ohio, Indiana, West Virginia, Missouri, Tennessee, North Carolina, and Virginia close to one billion pounds in 1921-25, which it sold for $200,000,000. This average of 20¢ per pound was better than Burley growers ever had been able to get in a like period. The price from year to year was more stable, fluctuating between 18¢ and 25¢.

Although profitably operated, the Burley Association was forced to quit because its members got tired of holding the umbrella over the fellow on the outside. Prompted by the buyers, nonmembers had greatly increased their acreage and profited handsomely as the tobacco companies bought up everything in sight before coming to the association. The members decided in 1927 that unless the outsiders would sign up, they would all sink together. They did.

M. B. Nugent, executive secretary of the Kentucky Farm Bureau Federation, now is actively campaigning for reorganization of both the Burley Association and the Dark Tobacco Growers Cooperative Association, of Hopkinsville, Ky., that at one time had 71,000 members in Kentucky and Tennessee but went on the rocks when members, charging mismanagement, demanded liquidation of its assets.

Getting Together in Georgia

Some cooperative activity is anticipated in Georgia, where a meeting was held at Valdosta Sept. 16. In other sections that previously had experimented with cooperative marketing, notably the cigar leaf district of the Miami valley in Ohio and the Connecticut valley, there have been no open developments.

Whether there is over-production of tobacco is debatable. The Department of Agriculture and the Farm Board testify to it as a fact. Growers ignored the department's warning last January, repeated in March, to cut the acreage of Burley and flue-cured leaf, and their plight would have been worse than it is if the drought had not intervened. With an average yield the 5% increase in acreage would have brought production up to 1,627 million pounds. As it is, estimated production totals 1,420,947,000 pounds, a decrease of 6.4% from last year. Stocks reported as of July 1 combined to make a total supply, including all types of foreign and domestic, of approximately 3,152,973,000 pounds as compared with 3,202,813,000 pounds a year ago. Unless consumption diminishes materially this supply is not unreasonably large in relation to supply and "disappearance" in recent years. This year's production estimate is actually lower by 50 million pounds than last year's disappearance, which includes all amounts used in manufacture, exported, and lost through stemming, redrying, etc.

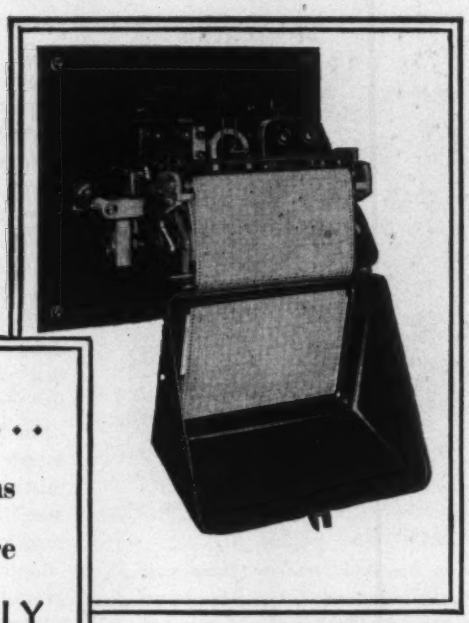
Although not excessive, this year's supply is over-balanced in flue-cured types which lean heavily on export markets.

Although exports of 327,444,000 pounds of leaf during the first 8 months of 1930 were 12% larger than in the corresponding period of last year, there is not much likelihood that the 1929 total for the year will be exceeded. Export prices have sagged, averaging 21.6¢ compared with 23.6¢ in 1929 and 24.2¢ in 1928. American tobaccos are meeting intense competition with heavy stocks of colonial tobacco in the British market and with home-grown tobacco in Continental countries.

Leaf Sales Hurt

The trend to nickel cigars has narrowed the outlet for high-grade American cigar leaf, particularly of the binder and wrapper types, and probably restricts the range of prices that can be paid to growers. The supply of American-grown wrapper types is just about the same as a year ago, while that of foreign cigar leaf, which includes a good deal of Javan and Sumatra wrapper, is 7 million pounds greater. Several of the 5-cent brands boast a Sumatra wrapper. The majority of cigar leaf growers raise filler tobacco, and stocks in these types are low.

Cigarette manufacturers have pulled out of the doldrums to some extent, but the sharp up-curve in consumption has flattened out. Production indicated by internal revenue stamp sales during the first 8 months this year was 81,861,442,261 as compared with 80,183,604,568 in the 8-month period of 1929 and



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70,816,631,089 in the corresponding period of 1928. The check in cigarette consumption is attributed to the general depression that has dealt even harder with cigars, despite the rise of nickel brands. Stamp sales indicate that production of large cigars during the first 8 months of the year slumped to 3,683,535,000 or 541 million below 1929.

In recent years the progressive increase in cigarette consumption has more than offset the decline in the consumption of chewing and smoking tobacco and cigars. The per capita consumption of cigarettes has risen from 15 in 1881-85 to 906 in 1928. Per capita consumption of cigars reached its peak at 89 in 1901-05, and has declined since then to 56. Per capita consumption of pipe tobacco is now 2 pounds. The peak was 2½ pounds in 1918.

In the spittoon period of American culture, from 1891 to 1895, the per capita consumption of plug, twist, and fine cut reached a peak of 2.65 pounds but has diminished since then to 1 pound. Consumption of snuff has remained at one-third of a pound for 25 years.

Power Show Will Show How to Equip for Upturn

THE Annual Exposition of Power and Mechanical Engineering, to be held in New York from Dec. 1 to 6, promises to be of greater industrial interest than any of the 8 preceding shows. During these dull months many concerns have been intensively planning improved methods in anticipation of an upturn in business; manufacturers of industrial equipment have been especially active in developing better equipment to aid in consummation of these plans. In bringing together the two essential parties to such plans, the 1930 Power Show should be particularly helpful to both.

Early reports from exhibitors indicate that automatic operation of power plants and auxiliary equipment will feature many of the exhibits. New and improved operating, regulating, and control devices are to be shown which virtually eliminate manual labor even from the largest and most complicated power plant. Improved pulverized fuel equipment, stoker mechanisms, measuring and recording instruments, insulation materials, boilers, material handling equipment will be shown. As in former years, meetings of the American Society of Mechanical Engineers and the American Society of Refrigerating Engineers will be held during the Power Show.

Swift Survey of Business Abroad

EUROPE

By Special Cable to The Business Week

BUSINESS continues to be unsettled. The improvement in German political conditions early in the week, the universally favorable impression of the Bruening program, and the increasing belief in the political impotency of both extremist parties were reflected in greatly relaxed business uneasiness. Sentiment, as reflected in the stock markets, strengthened perceptibly until the Brazilian revolution and its financial commodity implications arose, along with nervous reaction both on securities and foreign bonds in Wall Street, and the relapse of wheat and unexpected continued unsteadiness of metal prices. Some concern is felt over the political aspects of recent developments in Eastern Europe. Renewed Fascist-Socialist conflicts in Austria and the outcome of the new elections in November, the resignation of Premier Maniu in Roumania which raises the question of the identity and policy of his successor, and finally the prospect of a Pilsudski dictatorship in Poland have been outstanding subjects of business speculation. Though business seems momentarily to be marking time and deferring commitments, there are indications that long-dammed-up initiative is awaiting only the first favorable opportunity for exertion.

The capital exodus from Germany continues but the volume is lower, and British and American credits are reported adequate to cover French withdrawals. Quarterly settlements caused no appreciable tightening of money except in transient London, though the year end is expected to find present lax rates considerably stiffer. The London investment market shows signs of reviving activity though it is still of the "trial balloon" variety. The week has brought no important industrial changes except for the failure of the steel cartel to reach an accord on the new program regulating production.

The firmer price trends of the early part of the week have not been maintained but wider buying is reported on bulges. Unemployment is rising seasonally but so far is not unusual.

By Special Cable to The Business Week

Great Britain—Although it is difficult to find concrete evidence of better business, a very definite spirit of optimism is reviving helped, no doubt, by the general feeling of autumnal activity. There is some slight improvement in the general trend of iron and steel on the London exchange, but reports from Sheffield and other provincial centers are not so cheering. Cotton inquiries are keeping up but there is no actual trade increase. Hide and leather and associated commodities are flatter than a week ago, and wool is no better. The metal market is still disturbed. Copper relapsed to £43 16s 3d at Friday's close after registering a new low on Thursday of £44 7s 6d. Tin is also irregular, but rubber is enjoying a sharp rally due in part to the more clearly defined trend in October, and in part to the statement that the Dutch East Indies government is prepared to consider the possibility of measures to improve the general position. All other trade is stagnant.

The stock market is livelier. Giltedged securities are buoyant on the announcement that there is shortly to be an issue of treasury bonds for an unlimited amount and short dated. Minimum parcel for public offering is £10,000 and minimum tender price is £100 10s. The issue is obviously designed to permit redemption of the outstanding $365 million, tax free, 4% war loan called for Jan. 15, and if subscriptions allow, will also cover the $54 million, 4½% bonds due Feb. 1. The issue is expected to appeal primarily to the money market and to professionals because of the high minimum subscription. At the same time this will squeeze out present small holders of war loans and should release investment funds for pending issues. London points out that the real significance to business in the issue is the fact that the redeemed securities are tax free while the new issue is taxable. This is taken to imply that the next budget will provide for increased taxation. The belief is fortified by the half year revenue figures which, omitting the self-balancing items, show an increased revenue yield over last year of only £11,423,-983, while expenditures increased £18,-781,473. When the Snowden budget was prepared it allowed for an increase in revenue of £40 millions. This budget deficiency is the more alarming when it is realized that autumn and winter demands are yet to be met, that there is little fall pickup in business, and that unemployment is still on the increase. Figures for last week reveal an increase in the unemployed of 6,245 which brings the total to 946,718 more than at this time last year, with corresponding demands on the dole fund. This position gives piquancy to the hope that during the Imperial Conference Minister Thomas will break with the Labor party on tariffs and force an eventual redistribution of parties on the basis of a policy of tariffs and economy *versus* no-tariffs and large social service expenditures.

The City is looking to the issue of treasury to mark a change in trend on the investment market. Redemption of the war loan will force small investors to transfer their money to other securities. However, the Grosvenor House preference issue of last week was left heavily on the hands of the underwriters. If the issue by the Darnell Company, big boot and shoe firm, of 499,000 10-shilling shares at 16 is not well met, the market will be confirmed in its opinion that public money is still frozen by fright. The results will be serious in that the policies of many businesses which were expecting this fall to raise new working capital or funds for rationalizing will be abandoned. One important example is the projected combine of spinners in Lancashire affecting 50 mills and 4 million spindles which is ready to be put through but has been held up by the failure of bankers and industrial development company to provide money until the money market opens up.

The Ministry of Transport has announced a scheme of coordination for London's traffic whereby all present interests will come under the control of a new statutory public body, thus giving a new example of the growing British trend to compromise-nationalization already evidenced in the coal, electricity, and broadcasting industries where the industry continues to operate under practical experts but is subject to the veto of the Department of State concerned. The solution of London's traffic difficulties is essential to the city's business revival, present congestion meaning heavy and unfair overheads due to delayed delivery, dock clearance and general distributive charges.

By Special Cable to The Business Week

France—Gradual business recession continues. Measured in car loadings, it is running 10% behind last year; in iron and steel production, there is a decline in August over July production, which in turn was below June. Industry reports narrowing profit margins. Rising prices and costs and shrinking volume are causing the squeeze. Indi-

cative of expected further recession is the action of Altsholm, which passed its dividend and placed more than $2 millions in reserve, evidently to conserve resources against an anticipated lean year. This company represents the recent merger of 2 leading enterprises—Thomson-Houston, electrical equipment manufacturers and associated with General Electric, and Société Alsacien Constructions Mécaniques. It must be observed, however, that the French business trend is still governed primarily by domestic factors and is little associated with world depression due to the highly self-contained character of the national economic structure. It is now experiencing both a normal change in the business cycle and complications occasioned by the exceptional monetary conditions caused by an excess of gold and capital which is tending to promote price inflation. Two factors cushion against over acute depression: (1) French cautiousness against over expansion in times of prosperity, resulting in an unusual degree of industrial equilibrium; (2) the presence of 2 million foreign workmen whose re-emigration would precede the development of any material unemployment.

The national social insurance laws and the payment of premiums on sickness, maternity, old age, and death, but not on unemployment, became effective July 1 (*The Business Week*, May 21). Payment on sickness and maternity benefits were begun Oct. 1. Benefits in the other categories will follow as the respective funds reach adequacy. It is firmly believed among advocates of the plan that the availability of the actual benefits from the plan will now overcome labor's general suspicion of the whole social insurance scheme as just another form of taxation which was partly responsible for the recent wage strikes in the textile manufacturing region (*The Business Week*, Sept. 3).

The Paris automobile show was heavily attended but sales are reported to have been unsatisfactory. Refinements on existing art rather than further advances in design characterized the cars shown. One notable feature was the fact that four-cylinder cars are returning to favor, and that 8's are replacing 6's, with an increasing trend towards baby cars. General Motors was absent from the show due to a dispute over the space allotment, but American automobiles, except for a few smaller makes, were otherwise fully represented.

A new Franco-German enterprise—International Pipeline Co.—has been organized. German representation is Lietungsbau A. G., a subsidiary of the Ruhr Gas Co. which is controlled by a combine of German heavy industries and is financed by Dillon, Read, and which was a leader in the recent marked expansion in Germany of long distance coke oven gas lines. France is represented in the new organization by Société d'Enterprises Canalization, of Paris. The new company seeks to develop oil, gas, and water pipelines in Eastern Europe and the Balkans where it will meet American interests.

By Special Cable to The Business Week

Germany — The nation's political and business situation continues to hold the center of world interest, but despite some nervousness which still prevails, general sentiment is more confident. This reflects particularly the favorable acceptance of the Bruening program at home and abroad. Anything resembling a financial panic seems to be a thing of the past. The demand for foreign bills has subsided and the outflow of gold for foreign exchange is considerably below the demand during the first two post-election weeks. Though the position of the Reichsbank, despite a total loss of $170 millions, is still strong with its gold and foreign exchange reserves exceeding legal cover for note circulation by $250 millions, the high amount of foreign short term credits in Germany, estimated at $1½ or $2 billions, remains a factor of uncertainty and danger in case of further political complications. Fresh withdrawals were bound to raise the question of an increase to 4% in the bank rate which became operative when the private discount reached 3⅞%. The bond market has recuperated, and the stock market is showing signs of recovery despite the setback over the week end. Relatively favorable terms are anticipated for the $125-million, 2-year credit for the German government which is being negotiated by a banking group headed by Lee, Higginson. This is accepted in the business world as proof that German credit is fundamentally unshaken despite the events of the last 3 weeks, provided the country now makes a genuine effort to bring national finances to order.

More optimsitic business sentiment is supported by the improved political outlook, inasmuch as the Socialists have given up the idea of wholesale repeal of the July emergency decrees and are showing a conciliatory attitude which foreshadows a possible parliamentary compromise. Consummation of plans for credit to cover this year's deficit is also likely to strengthen Bruening's position when he faces the new Reichstag. On the other hand, the position of the government is made increasingly difficult by the growing demand of all shades of public opinion, including the trade unions, for an early declaration of a moratorium on reparations payments which, though justifiable considering the world price revolution and severity of the present depression, might create external trouble and affect German credit generally.

September reports from the Chambers of Commerce signalize slight improvement in production and sales of consumables, including shoes and textiles, and implying the possibility of a partial upturn if there is no further

International News

HERR HITLER

The National Socialist (Fascist) leader proposes to "inflame a fanatic national zeal among the German people."

"We don't need an armed revolt; all we need is another election!"

"Revise the Versailles treaty; with legal means, if possible; failing that, with illegal means!"

political turmoil. At the same time coal, steel, and machinery are still producing at record low levels and new dismissals have been announced in western Germany, including workers at the great Krupp plant.

A serious wage dispute has broken out in the Berlin metal working industry. Employers are demanding a wage cut of 15% and labor is making a counter claim for an increase of 7% and introduction of a 40-hour week to provide work for the unemployed. The award of the arbitrators is awaited with great anxiety as it will become a precedent for the metal trade of all Germany.

Following the spectacular collapse of the government's support of grain prices and the cessation of export subsidies on farm products, slack funds last week compelled the government to discontinue its industrial subsidies, notably on iron ore mining in the Sigerland district of West Germany, which is normally unable to compete with the richer ore deposits of Lorraine. It is uncertain whether the decision will affect subsidies recently granted to the Mansfeld Co., only German copper mining concern. On the other hand, subsidies to shipyards and locomotive works in East Prussia, though denounced by non-subsidized competitors, are expected to be continued as a part of the relief scheme for eastern Germany.

Business is interested in the exceptionally favorable results of recent oil drillings in the north German district where one well belonging to the Elwerath Mining Co. has produced 300 tons daily since Sept. 19. This production suggests that German experts have been over pessimistic of the possibilities of these oil fields and that the recent interest shown by Harry Sinclair is based on a better working knowledge of oil fields and experimental drilling.

By Special Cable to The Business Week

Italy—Business still has not entered the usual period of fall revival. There is general hesitation in all centers to test conditions by resuming normal activities. A new turnover tax of 1½%, effective since Oct. 1, has been introduced to reduce the treasury deficit.

An attempt will be made to reorganize the land reclamation company—Bonifiche Ferrares—on the proceeds of a $2 million loan likely to be issued soon. Thoughtful critics point out that failures of this sort are not connected with the ordinary reclamation projects which, being cooperative, are not subject to speculation.

Unione Esercizi Elettrici, in its balance sheet for June 30, showed net profits of $3,300,000, and paid the usual dividend of 18%.

LATIN AMERICA

Business confidence in Latin conditions, after wavering nervously for nearly two months, turned heavily pessimistic this week on reports of actual revolution in Brazil. Brazilian bonds slumped heavily, and all business with Rio de Janeiro, except for shipments already on the seas, came to a halt. Wall Street bankers and the large coffee houses anticipate a prolonged struggle. Rio has declared a 15-day "holiday" which automatically closes all banks.

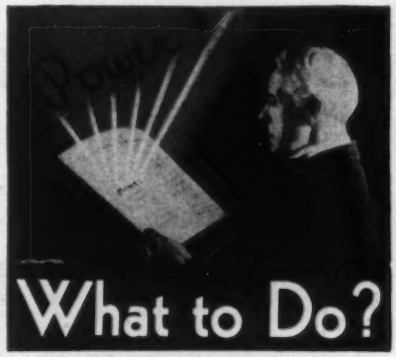
With confidence in Peru practically destroyed, with Cuban revolution curbed largely by the threat of United States intervention, and with near rebellion threatened in Bolivia, Chile, and Uruguay, almost all of the Latin world has become a questionable credit risk for immediate export business.

Brazil—With 10 states in rebellion and rebel troops marching on Sao Paulo and Rio de Janeiro, South American revolutions have come to a serious climax. Authorities agree that the situation is far more serious than in any of the other countries where revolution has stalked of late. Whatever the result, and whenever peace is restored, Brazil's prestige and credit standing will suffer.

Causes are largely political though aggravated by long-standing economic depression. The rebels claim the recent elections were unfair. Outside observers blame the selfish interests of defeated candidates and extreme zeal of various states for their own advancement.

American trade will be affected according to the duration of the struggle. Closing of the banks for 15 days by government decree will stagnate all business. Except that the bulk of the coffee shipments have left for the United States, no one business will be hit particularly hard at this season. Brazil's foreign trade has slumped badly of late. In the first quarter of this year, total exports declined 12%, imports 30%, below the first quarter of 1929.

The United States is Brazil's best customer and the principal source of imports. In the first 7 months of this year, exports to Brazil totaled $36 millions. Imports, largely coffee, were $81 millions. American investments in Brazil totaled $476,040,000 at the end of 1929. Some of the largest United States companies operating in the country are General Motors, Ford, Swift, Armour, General Electric, and Otis Elevator.



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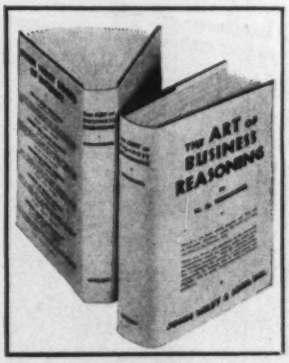

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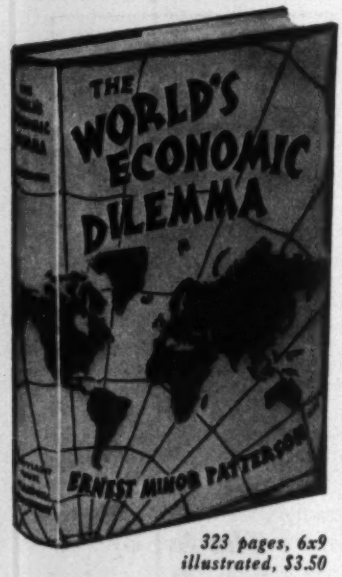

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Wide Reading

THE FIGHT FOR PURE DRUGS. H. H. Rusby. *Plain Talk*, October. Summary discussion, with tart remarks about the present administration of the law.

KENSINGTON GARDENS AND LAFAYETTE SQUARE. James Truslow Adams. *Yale Review*, Autumn. Thought-provoking indictment of New York and Washington, with compliments for both. Business that is big, but not broad.

THE A B C OF RAIL HOLDING COMPANIES. Oliver Wesson. *Nation's Business*, October. Why some men say railroad holding companies are dangerous and others view them as helpful.

THIRTY YEARS FROM NOW. Bertrand Russell. *Virginia Quarterly Review*, October. "The formation of a Third Party is imperative if anything is to be achieved by government. I have no doubt that within 30 years such a party will be as powerful, and as little destructive, as the British Labor Party is now."

FAMINE AND FAMINE RELIEF IN CHINA. Grover Clark. *Survey Graphic*, October. Some business suggestions for famine relief which will prevent future famines and increase Chinese buying power.

NITROGEN. *Fortune*, October. World conferences from June through August regulated its production, sale. Romance of rationalization in Germany and Chile.

SPATS OF SPECIE? E. F. Bax, *North American Review*, October. Is the international banker displacing the diplomat? Two roads for young men.

THE MINERAL POSITION OF THE NATIONS. C. K. Leith. *Foreign Affairs*, Autumn. Appraisal of mineral wealth of the U. S., Canada, Mexico, South America, England and the Empire, Continental Europe, Africa, Australia, and the Far East. Excellent comparative chart.

THE GREAT AMERICAN ENIGMA. Gamaliel Bradford. *Harpers*, October. Another, and fresh, probing of Henry Ford.

"CASH OR TICK" SAYS UNCLE SAM. Theodore M. Knappen. *Magazine of Wall Street*, Oct. 4. We sell more than we buy in Europe. Not so in South America and Asia. Forecasts new trends in foreign trade.

FREIGHT BY AIR. Albert H. Meredith. *Advertising & Selling*, Oct. 1. What businesses are using air freight? How much does it cost? How much is saved?

USING BY-PRODUCT POWER. Joseph Allweiler. *Food Industries*, October. New profits are being sought in dull times. Many industries concentrate on research and readjustment.

INTERNATIONAL ROAD CONGRESS. *Wasser und Wegebau-Zeitschrift* (Berlin), Sept. 20. Special issue (bi-lingual) devoted to the Washington meeting of the International Road Congress. Interesting trends in Germany described and illustrated. Of interest to construction engineers.

THE EXECUTIVE GOES CROSS COUNTRY. Edwin G. Thompson. *Aviation*, October. Straight-from-the-shoulder account of conditions found at airports during an extended business trip by air. For the progressive, air-minded executive.

WE PAY A VISIT TO BUSY BALTIMORE. Paul McCrea. *Nation's Business*, October. Modern equipment in Baltimore's expanding port.

What the Figures Show

ALTHOUGH attention is still focused on the fluctuations of prices in the commodity and stock markets the week's records reveal a number of encouraging aspects. Basic production evidences most hesitation, but confidence of buyers that prices are ridiculously low has continued to stimulate retail trade and buying of raw materials. Our index of business activity based on eight major trade and production series, and adjusted for the influences of price changes, seasonal variation and long time growth, has moved within a narrow range in the past three weeks. The preliminary figure for the opening of the fourth quarter of 1930 stands at 86.3% of the computed normal compared to the revised index of 86.4% the preceding week and 108% a year ago. This static condition is in direct contrast to the expectations of a brisk fall revival and acts as a retarding influence on all phases of trade.

THE BUSINESS WEEK INDEX OF GENERAL ACTIVITY	*Latest Week*	*Preceding Week*	*Year Ago*
	*86.3	†86.4	108.0
Production			
Steel Mill Operation (% capacity)	57	60	84
Building Contracts (F. W. Dodge, daily average in thousands, 4 weeks basis)	‡	$13,278	$18,240
Bituminous Coal (daily average, 1,000 tons)	*1,517	†1,487	1,934
Petroleum (daily average, 1,000 bbls.)	2,387	2,390	2,887
Total Electric Power (millions K. W. H.)	*1,845	*1,865	1,940
Trade			
Car Loadings (daily average, all classes, 1,000 cars)	158	159	201
Check Payments (outside N. Y. City, millions)	$5,866	$4,850	$7,579
Money in Circulation (daily average, millions)	$4,517	†$4,469	$4,814
Wheat Receipts (1,000 bushels)	11,512	13,317	11,123
Cotton Receipts (1,000 bales)	787	517	766
Cattle Receipts (1,000 head)	*238	†203	250
Hog Receipts (1,000 head)	*407	†422	497
Wool Receipts (1,000 lbs.)	3,259	2,644	7,099
Prices (Average for the Week)			
Wheat (No. 2, hard winter, Kansas City, bu.)	$0.73	$0.77	$1.24
Cotton (middling, New York, lb.)	$0.104	$0.105	$0.189
Iron and Steel (composite, ton)	$32.32	$32.52	$36.32
Copper (electrolytic, lb.)	$0.098	$0.99	$0.178
All Commodities (Fisher's Index, 1926-100)	82.3	83.1	94.7
Finance			
Total Loans and Discounts, Federal Reserve reporting member banks (millions)	$17,013	$16,912	$17,428
Commercial Loans, Federal Reserve reporting member banks (millions)	$8,530	$8,451	$9,600
Brokers' Loans, New York Federal Reserve member banks (millions)	$2,905	$3,063	$6,713
Federal Reserve System Ratio	81.6	81.6	74.4
Stocks Sold (N. Y. Stock Exchange, 1,000 shares)	16,684	16,179	23,927
Stock Prices (N. Y. Times, average 50 stocks)	$181.60	$188.11	$284.37
Bonds Sold (N. Y. Stock Exchange, par value, thousands)	$62,254	$64,091	$55,715
Bond Prices (Dow, Jones, average 40 bonds)	$97.62	$97.58	$92.04
Interest Rates—Call Loans (daily average)	1.9%	2.0%	8.2%
Interest Rates—Time Loans (daily average)	2½–2½%	2½–2½%	9–9½%
Business Failures (Dun, number)	447	488	396

*Preliminary †Revised ‡Not available

The Situation in Steel

The publication of the September steel ingot production of the American Steel Institute revealed a lower tonnage and rate of activity than the weekly figures forecast. September tonnage at 2,867,869 tons was a decline of 7% from the August total and nearly 19% below the average for the month of the years 1924-1928. The downward trend of production is not unusual for the season, since in the past five years, the September tonnage fell below that of August in four cases out of five, with declines ranging from 1% to 8%. Operations for the month were reported at 55% of capacity compared with 59% in August and 92% a year ago.

The rate of operations for the first week in October as estimated by Dow, Jones was sharply curtailed compared with the preceding week.

Our adjusted index of steel ingot production based on the Dow, Jones estimates of operations declined from 86.3% of normal to 80.8%.

Apparently, many of the reported purchases of steel in September failed to secure definite specifications and were cancelled in some instances by failure of agreement over prices. The unfilled tonnage report of the United States Steel Corp. on Friday of this week is generally expected to show a decline as compared with August. Tonnage reported by the United States Steel Corp. is said to be specifically contracted for consumers whose inventories are low. Little or any of this tonnage is subject to cancellation.

Rail purchases are slowly being resumed as is usual at this season. However, important buyers such as the Pennsylvania and the New York Central railroads have not yet made rail inquiries while a year ago they were actively negotiating. A tonnage of 100,000 is reported sold during the past ten days, of which the Santa Fe road ordered 61,200 tons.

Structural steel projects totaled 49,000 tons this week, more than twice that of last week, while the fabricated steel awards of 30,500 tons exceeded that of the preceding two weeks. Automotive steel purchases for 1931 are still lagging, with expectations in the Youngstown district that strengthening of the sheet market will not begin until January and February.

Pig iron production in September fell to the lowest in six years. A net loss of 16 furnaces during the month brings the total number of stacks in blast to 123, a decline of 62 since April.

Building Construction

Building construction during the last nine days of September totaled $110,083,600, somewhat greater than our

estimate for the period. Our revised index for the last week of September stands at 70.8% of normal. After estimating contracts for the first three days of October, our preliminary index for the present week registers a slight increase to 71.3%. The September contracts revealed a gratifying increase in residential awards which it is hoped may be continued in October.

Bituminous coal production turned upward again, but not more than 2%. Our adjusted index rose from the revised figure of 69.1% of normal to 70.1% during the last week in September. The month's output increased 8% over August, but is nearly 15% below September, 1929.

Electric Power

The minor fluctuations in the weekly estimates of electric power production are not particularly significant, influenced as they are by the effects of weather and temperature upon electricity used for illumination and heating purposes. The production of electricity during each month of 1930, according to the report of the U. S. Geological Survey, has shown a gradual spread when compared to the trend of 1929. Beginning with January, with an output 5% above that of the preceding January, each month has compared less favorably with the corresponding month of 1929. August now reveals a deficit of nearly 6% below August, 1929. The average daily rate of production during August was barely above that of July though the normal increase is about 2%. The manufacturing districts were largely responsible for the decline of the month, but the hitherto impressive upper trend of consumption in the Northwest farm areas became less marked. For the period to date, however, electric output still exceeds that of 1929 by a small margin. Our adjusted index of electric power output for the week declined to 94.3% of normal against 97.1% the week preceding.

General Trade

The group of trade indicators is fairly favorable this week in spite of the slight decline in carloadings. Preliminary data on department store sales for September indicate an increase of 28% over August, while the preceding five years show increases between comparable months of from 12% to 26%. The decline in carloadings was due principally to decreased shipments of grain, coal and ore. Our index, based on the total of miscellaneous and less than carload freight, remained unchanged at 82.1% of normal, as the increase in miscellaneous freight more than offset the week's loss in the less-than-carload classification. The comparison of loadings this week with a year ago and with 1928 is particularly adverse, since the peak of the year's loadings was reached at the end of September. If carloadings continue to decline to the end of the year, as is customary, the peak for 1930 will have been shifted back a month to the end of August with its total of 984,504 cars. The weekly average for 1930 will then approximate that of 1920 —between 850,000 and 900,000 cars weekly. Not since 1922 have the total loadings for the last week in September fallen below a million cars.

Bank debits in the 140 cities outside of New York increased 21% over the preceding week, due principally to the influence of Oct. 1 dividend and interest payments. Our adjusted index based on such debits rose from 92.7% of normal to 94.8%. In the 131 cities outside of the financial districts, a 15% rise over the preceding week was recorded. Debits for the month of September in these same 131 cities rose 3% above August, but were 18% below September, 1929. They are the lowest for the month since 1924.

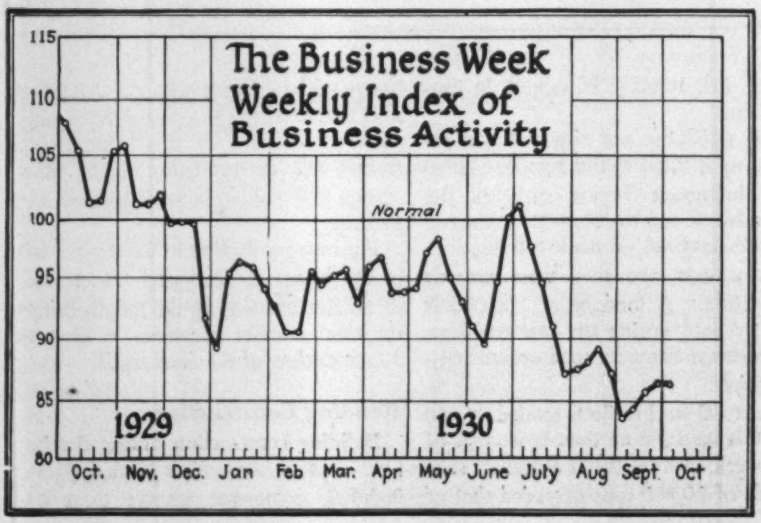
After a decline in the money in circulation each week since Labor Day, a gratifying increase of $48,000,000 occurred, but the increase was not great enough to make any marked change in our adjusted index, which rose only from 100.1% of normal to 100.8%.

Commercial loans turned upward $79 millions, reaching a level over $8.5 billions for the first time in nine weeks. Our adjusted index rose from 102.1% of normal to 103%. Total loans and investments have expanded steadily in the past few weeks and run slightly above a year ago. Our adjusted index of such bank credit remains at 106% of normal.

Slight Employment Gain

The New York State Department of Labor reports the first increase in employment since October, 1929. The increase of 2% was small and accounted for largely by the seasonal increases in clothing, canning, and candy. An increase of 150% in cotton textiles indicates the depths to which this branch has cut production. The New York figures have often served as forecasters of the country as a whole, and the fact that the situation is no worse than a month ago is encouraging.

The Business Week's weekly index of general business activity, first of its kind, is based on eight series of weekly figures—steel mill operations, building contracts, bituminous coal production, electric power output, non-bulk carloadings, check payments outside New York, commercial loans of reporting Federal Reserve member banks, and currency in circulation. It shows the current level of the average daily physical volume of business as compared with the normal for the season and the year. Normal, represented by 100, is what the current volume of general business activity should be if the usual seasonal changes and year-to-year growth had occurred. For further explanation of the index see *The Business Week*, May 7, 1930, p. 39.



Money and the Market

THE forces of pessimism and deflation converged on the securities markets of the country this week, hit New York with a far-echoing thud. The majority of security issues made new lows for 1930 and hundreds plunged through November, 1929, levels to prices untouched since June, 1928.

Foreign bonds were almost demoralized as political disturbances resulting from economic stringencies gained momentum. Domestic issues receded with them at least temporarily. Only good preferred stocks in the most favorably situated industries held against the landslide. Money rates were almost unchanged in the United States with one or two easier but not quotably so.

Business Revival Posponed

The declines are sensational manifestations of a general realization that real business revival has been postponed until sometime in 1931. Dropping stock prices "rub in" the fact that deflationist economics have triumphed temporarily and that central bankers and other financial leaders have failed to come to the rescue.

The present decline, singularly enough, comes almost a year after prices reached their all-time high in 1929. The present decline is vastly different from the one a year ago, in that order has prevailed, sales have remained fairly light, and stocks generally have put up a passing, though losing, resistance.

Immediate causes for the renewed declines in stocks this week are results of the larger forces already mentioned. Bear operations capitalizing present psychology have persistently pounded prices despite open threats by the Stock Exchange officials against members attempting to "demoralize" the market. These efforts by the exchange were made early in the week when a number of individual members were "called on the green carpet."

Reduced yields on common stocks, due to dividend reductions and omissions, have discouraged those purchasing for investment. That this movement has been extremely widespread is revealed by Standard Statistics compilations showing that 1,815 corporations took unfavorable action on dividends in the first 9 months of this year. Stock of only 1,309 corporations is listed on the New York Stock Exchange.

The largest failure yet to result from the financial difficulties came this week as Prince & Whitely Trading Corp. suspended payments and was dropped from the country's exchanges. This depressed prices sharply when announced on Thursday. The firm, incorporated in August, 1929, had about $25 millions in liabilities, over 8,000 stockholders.

Bank liquidation of security loans in order to get out of the market and clear their skirts at any cost gave another downward impetus. Accounts and loans carried, some for nealy a year, in the hope of recovery, are being cleaned out, as attested by a further drop of $159 millions in brokers' loans. The total at $2,905 millions now is lowest since mid-1927. Impaired margins brought some distress selling.

Rise of the German Reichsbank's rediscount rate to 5% from 4% was another gloomy notice of distressed conditions abroad. The bank could no longer withstand loss of gold and, more especially, foreign exchange. The mark also was continuing to drop. The drain on the Reichsbank has been much the same as the drain on the gold supplies of other nations, especially in Latin America.

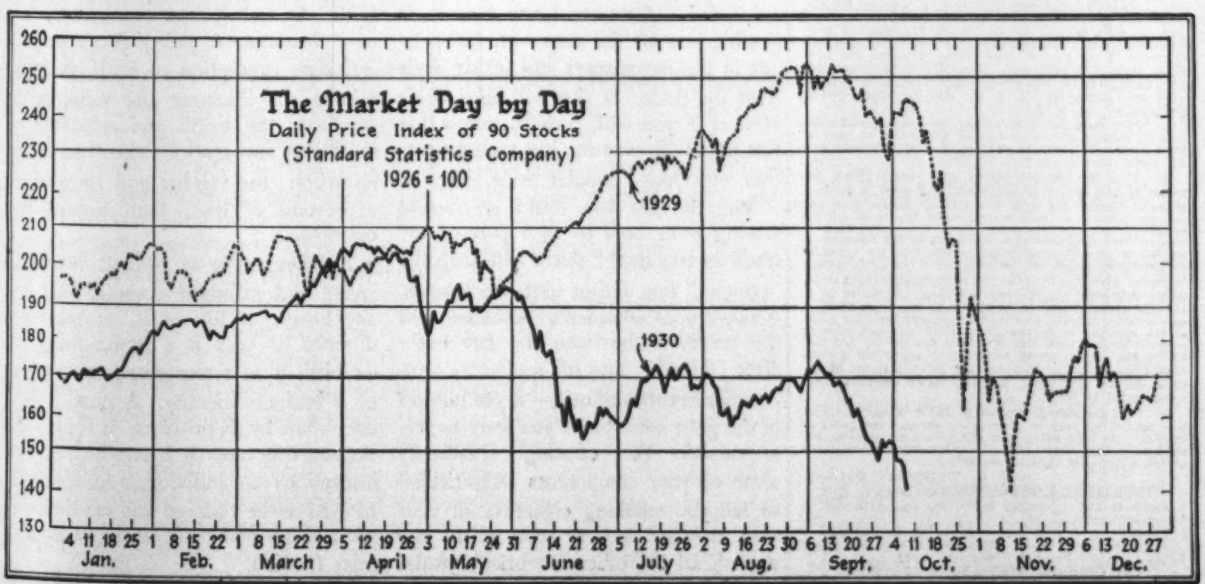
The generally unsatisfactory tone of trade reports gave the would-be optimistic no hope. To a market that only a few weeks ago was only awaiting definite statistical indications that a recovery was under way to move upward itself, the present figures on trade sap away hope.

Finally, growing realization that a number of concerns are not earning their dividends causes concern. Prominent among these are some of the leading railroads.

Stocks in Sounder Position

With all these discouraging factors, strong as they are, stocks are swinging into an even more favorable position than for some years. The whole of the 1928-29 boom now has been wiped out, bad features along with the good. Prices now are at or approaching prices that are "buys" even by the most conservative rule-of-thumb, by the axioms that a year ago the new era was blithely burying. Chief among these is the "ten times earnings" rule.

Soon the "rubbing in" process will be completed to the satisfaction of the strongest deflationist. Then the market will begin to reflect the expectation of a rise in general business in 1931.



▼ ▼ ▼

My engineering training has been applied to Sales - management---Advertising---Sales Promotion.

A graduate engineer with a clean record of twenty years' experience in organization of industrial sales and sales management; now employed and desire to establish a new connection with a first-class organization.

Always a personal producer, my duties in recent years have included the organization and management of sales promotion and extensive contacts with executives and distributors of industrial concerns.

My record of accomplishment and personal character is wide open to you—inviting the closest scrutiny and I offer in addition a congenial temperament and a wide personal acquaintance from Canada to the Gulf, good health and the settled habits of a man of family.

Past earnings have been in terms of five figures; 44 years of age, married and willing to locate to suit the business.

A. M. MUNN
29 East Mowry Street, Chester, Pa.

LEGAL NOTICE

STATEMENT OF THE OWNERSHIP, MANAGEMENT, CIRCULATION, ETC., REQUIRED BY THE ACT OF CONGRESS OF AUGUST 24, 1912

Of The Business Week, published weekly at New York, N. Y., for October 1, 1930.

State of New York } ss.
County of New York }

Before me, a Notary Public in and for the State and county aforesaid, personally appeared C. H. Thompson, who, having been duly sworn according to law, deposes and says that he is the Secretary of the McGraw-Hill Publishing Company, Inc., publishers of The Business Week, and that the following is, to the best of his knowledge and belief, a true statement of the ownership, management (and if a daily paper, the circulation), etc., of the aforesaid publication for the date shown in the above caption, required by the Act of August 24, 1912, embodied in section 411, Postal Laws and Regulations, printed on the reverse of this form, to wit:

1. That the names and addresses of the publisher, editor, managing editor, and business managers are: Publisher, McGraw-Hill Publishing Company, Inc., 10th Ave. & 36th St., N. Y. C. Editor, None. Managing Editor, Marc A. Rose, 10th Ave. & 36th St., N. Y. C. Business Manager, Jay E. Mason, 10th Ave. & 36th St., N. Y. C.

2. That the owner is: (If owned by a corporation, its name and address must be stated and also immediately thereunder the names and addresses of stockholders owning or holding one per cent or more of total amount of stock. If not owned by a corporation the names and addresses of the individual owners must be given. If owned by a firm, company, or other unincorporated concern, its name and address, as well as those of each individual member, must be given.) McGraw-Hill Publishing Company, Inc., 10th Ave. & 36th St., N. Y. C. Stockholders of which are: James H. McGraw, 10th Ave. & 36th St., N. Y. C. James H. McGraw, Jr., 10th Ave. & 36th St., N. Y. C. James H. McGraw, James H. McGraw, Jr., and Malcolm Muir, 10th Ave. & 36th St., N. Y. C. Trustees for: Harold W. McGraw, James H. McGraw, Jr., Donald C. McGraw, Curtis W. McGraw, Curtiss W. McGraw, 370 Seventh Ave., N. Y. C. Donald C. McGraw, 10th Ave. & 36th St., N. Y. C. Harold W. McGraw, 285 Madison Ave., N. Y. C. Anne Hugus Britton, 10th Ave. & 36th St., N. Y. C. Mason Britton, 10th Ave. & 36th St., N. Y. C. Edgar Kobak, 10th Ave. & 36th St., N. Y. C. Grace W. Mehren, 2440 Lakeview Ave., Chicago, Ill. J. Malcolm Muir & Guaranty Trust Co. of New York, Trustees for Lida Kelly Muir, 524 Fifth Ave., N. Y. C. F. S. Weatherby, 271 Clinton Road, Brookline, Mass. Edwin S. Wilsey, 10th Ave. & 36th St., N. Y. C. Goldman, Sachs & Co., 30 Pine St., N. Y. C.

3. That the known bondholders, mortgagees, and other security holders owning or holding 1 per cent or more of total amount of bonds, mortgages, or other securities are: (If there are none, so state.) None.

4. That the two paragraphs next above, giving the names of the owners, stockholders, and security holders, if any, contain not only the list of stockholders and security holders as they appear upon the books of the company but also, in cases where the stockholder or security holder appears upon the books of the company as trustee or in any other fiduciary relation, the name of the person or corporation for whom such trustee is acting, is given; also that the said two paragraphs contain statements embracing affiant's full knowledge and belief as to the circumstances and conditions under which stockholders and security holders who do not appear upon the books of the company as trustees, hold stock and securities in a capacity other than that of a bona fide owner; and this affiant has no reason to believe that any other person, association, or corporation has any interest direct or indirect in the said stock, bonds, or other securities than as so stated by him.

5. That the average number of copies of each issue of this publication sold or distributed, through the mails or otherwise, to paid subscribers during the six months preceding the date shown above is (This information is required from daily publications only.)

C. H. THOMPSON, Secretary.

McGRAW-HILL PUBLISHING COMPANY, INC.

Sworn to and subscribed before me this 20th day of September, 1930.

[SEAL] H. E. BEIRNE.

Notary Public N. Y. Co. Clk's No. 97, Reg. No. 1B84. Kings Co. Clk's No. 646. Reg. No. 1089.

(My Commission expires March 30, 1931.)

The Dublin Letters

To Mr. Robert B. Dunning, President, Superb Electric Appliance Company, Enumerating Three Suspicions

The "Century"
En Route New York
March, 1928

Dear Mr. Dunning:

This is the promised continuation of my letter to you begun in Chicago in which I stated a wish to lay before you the three major suspicions we have concerning the Superb business. Since there is no need for preamble, permit me to outline these suspicions as follows:

Suspicion Number One: You are over-manufactured. I do not mean over-produced. I mean your business is dominated by the manufacturing idea. You have hatched out a big and duplicated line without regard for market requirements or the human limits of your sales organization. There are times when Mr. Bevin must have all the feeling of an engaged girl in the middle of a tin-shower.

For example, consider your popular line—or "fighting" line, as you term it. Isn't this turning out to be more of an embarrassment than an advantage? It is always nagging and nibbling away at your "Superb" brand of merchandise and involving your whole sales organization in price vs. quality arguments with the trade. I know that having something for everybody at every kind of a price looks good on paper, but it does not always work out for a concern whose advertised platform is superior grade and national reputation.

You complain that your whole Middle West market is shot to pieces on price and a little one-horse concern is chasing you off the map with full-page ads in the newspapers and inside deals with the trade. If you will take a fair view of it, you will, perhaps, admit that you paved the way for just such a situation with your "popular price" line.

You thought you could go around talking price only to such part of the trade as you might select and keep the "popular" line within restricted bounds. Between your salesmen's enthusiasm and the trade's enthusiasm, the fine high-class "Superb" line of appliances temporarily lost its authority—it got blurred in the price atmosphere you were largely responsible for creating. Naturally some of your competitors were tickled to see you smoking cigarettes in your own haymow and, as soon as the fire started, all the other low-price apostles came running to see what they could pinch off in the excitement.

So, in our opinion, it seems advisable to consolidate your line, regrade it, reprice some of your numbers possibly, and bring it into a workable and controllable relationship with itself, not forgetting competitive values of course.

Suspicion Number Two: You have no policy. Your remarkable growth in the past decade has been the result of manufacturing excellence and unremitting energy. As successful as you are, no particular policy has been responsible for it. Probably you never needed any in those formative years when alert and aggressive management, with its hands on every daily detail of the business, supplied a watchful and resourceful moulding of your affairs as they unfolded. But now you are too big, and have too great a stake in the future to rely entirely on improvisation, no matter how brilliant and sound that improvisation was in the past.

What is a policy? There are many definitions of a policy consisting of rough generalizations with a punctuation here and there of "we do this" and "we don't do that." The weakness of most business policies is their vagueness. They elude the concrete grasp of the organization which must operate them and they are neither known nor felt by the public. Or they shift so frequently with the winds of opportunism that they promote bewilderment and indifference.

A good policy is a yard-stick of good faith. As such it must represent *permanent measure*. A policy is a concern's *articulate* conception of itself as determining the character and value of its products; the worth and reliability of its actions and services; the clearness of its vision; the validity and force of its expression of itself both inward and outward.

It takes nerve as well as brains to create and maintain a policy that has any breath of life in it. It takes endurance to keep it a living thing, to establish it as a recognized constitution of a business identity. A good policy, once come by, is priceless. It is priceless because it is rare. It is rare because few institutions—or individuals for that matter—have the courage and capability to set a policy and carry it out to an ultimate fruition.

The strength of a policy lies in the *degree of its expression.* Conception is not enough. It must be *articulate* conception, as noted before. It must be heard, known, made manifest. Many business concerns honestly believe they have a policy, but in reality it is non-existent because expression is absent or intermittent. It is a phantom without voice.

A policy is first captured in words. That is the only means we have to set forth human thought with *clarity* and *organized form.* But it does not end with words. It transmutes itself into action—many actions. The factory dings up to give the consumer a better money's worth. The sales-organization begins to sell by interpretation instead of argument. The trade becomes interested in a buying relationship as against letting go of an order. The advertising turns from the ingenious to the fundamental.

During one of my talks with Mr. Bevin he happened to mention his pet hotel in New York. He spoke rather admiringly about it. Perhaps he can account for his loyal and friendly feeling—but not entirely, I believe. He may refer to Joe Nally on the desk, Edouard in the grill, or perhaps he knows Dave Miller the manager. All three of them will treat a guest like a prodigal son.

But the reason for Mr. Bevin's liking goes deeper. I know, because I own 15 cents worth of stock in that particular hostelry. It has a *policy.* And the policy works 24 hours a day.

This policy—as expressed by the management to the employees—is briefly this: "Every man who registers at this hotel is a gentleman—every woman a lady. No guest of this establishment ever asks for anything unreasonable no matter what you may privately think about it. The habits and wishes of our guests are part of their personalities and, therefore, deserving of our respect and constituting a command upon our resources to serve. To fill a want with cheerful intelligence and tact is the smallest thing we can do as professional hotel-keepers. To anticipate a want is a compliment to the guest and to yourself as well. If there are some guests you do not like, forget it. We are not censors of the human race. Don't hesitate over any question big or little. Ask your superior. We are an organization."

This doesn't sound like much. But when every member of the organization expresses it day-in and day-out in all its variety, the cumulative effect is tremendous.

Suspicion Number Three: You will expect more from your advertising than it can possibly accomplish under the present circumstances. Even if you succeed in capturing a "big idea with a wallop" the chances are against its success in any constructive and forward-going sense.

To bet the future of your business on the mere precocity of an adept in campaign-making is a bad bet. To uprear the future of your business on a realignment of your own internal thought—and to give it the most valid and clear advertising expression—is to release a force sharply native to yourselves, organic to your real aims, true, sincere and altogether a sounder piece of currency in the eyes of the public. Your advertising then has the voice of responsible management in it. It speaks from the platform of superior endeavor as manufacturers, of generous thinking born of a policy, and of merchandise-value which could have been established no other way except through predetermined policy.

Dismiss the "wallops." Take six months to collect and sharpen the genius of your own management. *Then* talk to the public. You will be surprised how much you will have to talk about.

Let me close this letter with a word of thanks for Mr. Bevin. His amiable and open discussions have permitted me to write you informally—in my shirt sleeves you might say—as a plain advertising workman with a liking for the job. This is always my preference. I do not enjoy soliciting an account all stiffened up with intellectual dress of a plug hat, a long-tailed coat and wearing the solemn face of an expectant heir.

Sincerely,
JAMES W. DUBLIN

Telegram to Derby Thomas

New York
March, 1928

CONGRATULATIONS ON GOOD WORK YOU DID IN SUPERB MATTER. WILL GIVE YOU A DESERVED PARTY WHEN YOU ARRIVE BACK IN NEW YORK. J. W. D.

Telegram to Philip Bailey

New York
March, 1928

ENTHUSIASTIC CONGRATULATIONS FROM ALL OF US. GEORGE CLARK FORWARDING SUPERB CONTRACTS BY AIRMAIL TODAY. THANKS FOR YOUR GOOD WISHES TO MRS. DUBLIN. OPERATION UNCOMPLICATED AND SUCCESSFUL AND NO AFTER COMPLICATIONS EXPECTED.
JAMES W. DUBLIN

Your product
—in Canada!

Under the new Canadian Tariff, certain products from the United States are at a disadvantage in the Canadian Market.

Progressive organizations are already seeking manufacturing facilities in Canada.

A Canadian manufacturer with room for expansion offers foundry, machine shop, and general manufacturing facilities for production, to your own specifications, of that portion of your output intended for the Canadian market.

Correspondence is solicited from corporations considering Canadian manufacturing connections.

B. J. Coghlin Co., Ltd.
Montreal, P. Q.
Established 1869

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The Business Week assumes the full burden of responsibility for its editorial material.

A publication featuring articles by contributors, "ghost writers," and seekers of personal publicity does not necessarily endorse the writers' views.

The Business Week is not a literary forum for the few—it is a service built to the measure of business men who value their time.

Manufacturers

You are invited to utilize our industrial and engineering services on factory establishment or relocation. Complete reports on industrial advantages in areas served by our properties . . . All negotiations confidential and gratis. Address Industrial Development Department.

Associated Gas and Electric System

61 Broadway — New York City

THE BUSINESS WEEK

The Journal of Business News and Interpretation

October 15, 1930

The Black-Ink Brigade

SOMETIMES we get pretty tired of that pompous old fraud, General Business, whom nobody has ever seen, but who is supposed to command the economic army nowadays. He is reported now to be suffering a serious relapse, but we suspect that it's partly another one of those attacks of chart trouble or statistical sciatica that accompany old age. Anyway, when we weary of puzzling over the veterinarians' bulletins about the old General's condition from headquarters, we go down to the line and mingle with the top-sergeants, the privates, and the mules.

Then we discover a curious thing we had forgotten all about. When the whole blooming army is apparently in full retreat, some of these blithering idiots and stubborn asses are capturing trenches and winning battles on their own as though they had never heard about it. They don't seem to know that the defeatists at home have arranged an armistice and agreed to pay reparations for past prosperity indefinitely.

The few facts in a communiqué from the front on another page of this issue bear witness to the shocking fact that, even at the depth of depression, some concerns are bull-headed enough to try to do business and make some money, and what's worse, are succeeding. These heroes, perhaps feeling that their courage may be considered in bad taste or too disrespectful to the Old General, who is *so* sick, prefer to remain anonymous; but we have their names, and can assure everyone that there are many more of the same kind who will never be listed for distinguished service medals, and don't care.

What do these dough-hunting dough-boys carry in their knapsacks in their campaign against the red-ink menace? Chiefly a little hard-tack compounded of common sense, perspiration, and intestinal fortitude. The tactics of the black-ink brigade are simple, sensible, and straightforward, essentially those we commended to business on this page some time back.

They are quietly and shrewdly buying their supplies and raw materials now, when prices are lowest in fifteen years. They are not holding out for the last penny, knowing that things are cheap enough to satisfy anybody, and that even though they might do a little better by waiting for further slight declines, they might be missing the early bird's chance to capture the worm.

They are not letting their cash surplus lie idle in banks earning a pension of bare 2 or 4%, when they know it can make at least 10% more if put to work in their own shops. They are using it to maintain the permanent assets of business: research, personnel, and advertising. They are using it to oil and polish up their rifles to the highest possible efficiency of service, cutting production costs by replacing obsolete equipment, cutting distribution costs by building up more effective marketing machinery. They are using it to improve their products and services, or reducing the prices, so as to widen the market appeal and capture the coy consumer dollar. They are using it to perfect their market marksmanship by sharpshooting sales appeal through intelligent, concentrated advertising.

They are looking ahead in their production and sales plans, not to next year, but to the next five years, knowing that whatever ups and downs may come, they can be smoothed out only by intelligent long-range planning, based on the steady growth of the market.

When we watch these fellows maneuvering calmly on the front line, while the rest of the business army wallows in a disorderly rout, we feel like setting up a recruiting station with posters appealing to the pusillanimous pessimists lounging on the park benches of business:

"Enlist Now! See the World!"

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